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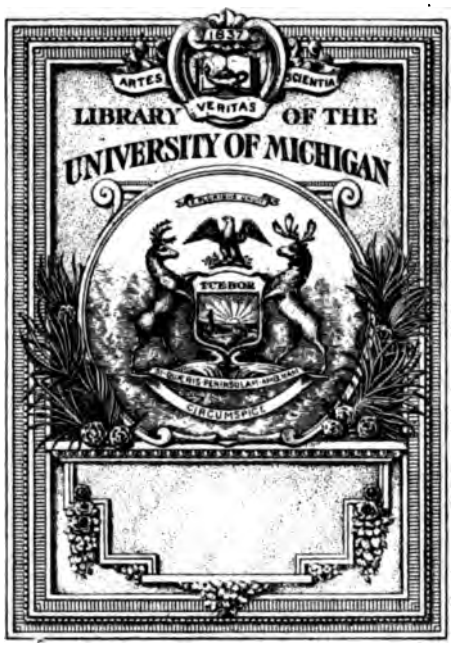
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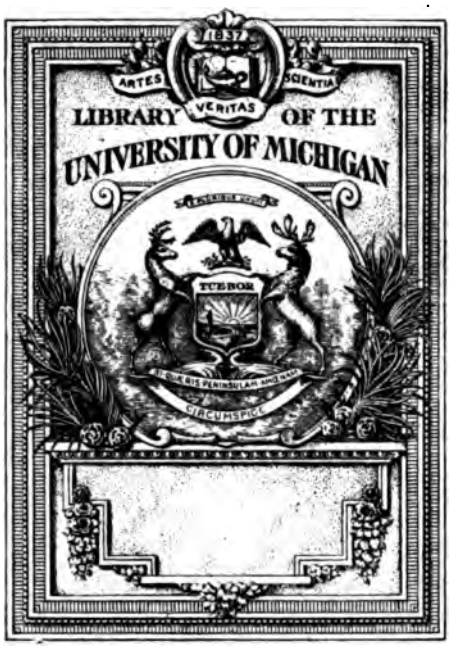
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TRADE AND TRANSPORTATION

BETWEEN

THE UNITED STATES AND SPANISH AMERICA.

BY

WILLIAM ELEROY CURTIS.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1889.

CONTENTS.

PART FIRST.

TRADE.

	Page.
I.—Our Commerce with Latin America	3
The population, manufactures, and products of Latin America	3
Natural transportation facilities	4
Railways	5
The intercontinental railway	5
British investments	7
Magnitude of the foreign commerce	8
The increase in sixteen years	9
Domestic development of the United States	9
Enormous increase in our exports to other countries, but a small increase in those to Spanish America	10
Character of the Latin-American trade	11
The trade not affected by our tariff	11
II.—What is sent to Latin America	15
List of articles composing the cargoes of ships	15
Where these articles are produced	17
Sample cargoes	18
Proportion contributed by each State	18
Articles contributed by each State	18
III.—History of the International Congress	21
The movements of 1825 and 1881	21
The South American Commission	22
Its conferences with merchants of the United States and those of Central and South America	22
Its conferences with the several governments of Central and South America	22
Results of the investigations	22
Obstacles in the way of trade	23
Lack of transportation facilities the fundamental obstacle	24
The commerce of 1888	24
Analysis of the carrying trade	25
An increase in our trade	26
Comparative statement of trade in 1868 and 1888	26
Exports of Great Britain, France, and the United States compared	27
The opinion of an expert	27
IV.—The Commerce of Mexico	29
Her exports	29
Her imports	30
The character of merchandise imported	30
The cotton trade	31

Page.

IV.—THE COMMERCE OF MEXICO—Continued.
Faults of American merchants and manufacturers 31
Annoying customs regulations 31
The commercial treaty with Mexico 32
Mexican sugar and coffee 32
The international coin 32
V.—THE COMMERCE OF CENTRAL AMERICA 33
Exports and imports 33
The trade in cotton goods 33
The great variety of imports 34
Reciprocity treaties 34
Proposed treaty with Guatemala 34
The sugar and tobacco of Central America 35
The opinion of an expert 36
Why our commerce is so small 36
Evidences of increased exports 36
How our imports are paid for 37
Difference in freight rates 37
Coinage and currency 38
Subsidies paid by Central America 39
VI.—THE COMMERCE OF COLOMBIA 40
Exports and imports 40
The merchandise shipped to Colombia 40
Where our exports come from 41
The means of transportation 41
The proposed common coin 42
Views of Mr. F. G. Pierra 42
The port of Savanilla 42
Steam-ship facilities at Savanilla 43
Subsidized lines to Europe 43
Faults of American manufacturers 43
Interior transportation 44
The trade of the Isthmus 44
Report of Thomas Adamson, consul-general 44
VII.—THE COMMERCE OF VENEZUELA 48
Trade increases where there is transportation 48
The exports and imports of Venezuela 48
Why England monopolizes the cotton trade 48
Forgeries of United States trade-marks 49
Trade not affected by the tariff 49
Duties charged by Venezuela 49
Reciprocity treaties 49
How the Red "D" Line of steamers has built up trade 49
VIII.—THE COMMERCE OF ECUADOR 51
Exports and imports 51
Merchandise sent from the United States 51
Where it is produced 51
Transportation facilities to Ecuador 52
Advantages of freight to Europe 52
Statement of Mr. F. G. Pierra 52
The tariff of Ecuador 52
A reciprocity treaty desirable 53
IX.—THE COMMERCE OF PERU 54
Deplorable condition of the country 54
Statement of the foreign department 54

Page.

IX.—THE COMMERCE OF PERU—Continued.
Hopeful outlook for the future 54
Former commerce of Peru 54
Peculiarities of the market 55
The prosperous era of the Republic 55
Where Peru buys her merchandise 55
Exportable products 56
Our exports to Peru 56
Reciprocity treaties 56
Transportation facilities and freights 56
X.—THE COMMERCE OF BOLIVIA 57
Her exports and imports 57
No commerce with the United States 57
Lack of statistics 57
The cotton goods trade 58
Statement of the Bolivian consul-general 58
Difficulties of transportation 58
Mistakes of American merchants 58
Reciprocity treaties 59
XI.—THE COMMERCE OF CHILI 60
Exports and imports in 1888 60
Exports and imports in 1887 60
Where the imports come from 60
What they consist of 61
Share of the United States 61
Shipping statistics of Chili 61
United States flag seldom seen 61
The Chilian line of steamers 62
The wool product of Chili 62
How trade may be secured 63
Popularity of American goods 63
The question of freights 64
The international coin 64
XII.—THE COMMERCE OF THE ARGENTINE REPUBLIC 65
Enormous increase of late years 65
The division of trade 65
Imports and exports in 1888 65
Classification of exports 66
Exports of cereals 66
Increase of agricultural population 67
Agricultural advantages 67
The wool clip 68
A bounty on exports of beef 68
Trade with Germany 69
Trade with Belgium 70
Trade with France 71
Trade with Great Britain 71
Trade with the United States 72
Increase in our exports 72
American sample-houses 73
Why we are so far behind 74
The carrying trade 74
No steamers from the United States 74
Steam-ship communication with Europe 75
Reasons for commercial estrangement 75

Page.

XII.—THE COMMERCE OF THE ARGENTINE REPUBLIC—Continued.
The Houston subsidy to New York 75
Cost of maintaining a line 76
Offer of the Argentine Government 76
Proposition of John Roach & Son 76
Message of the President 77
Peace and prosperity of the Republic 78
The Argentine population 78
Enormous immigration 79
Population of Buenos Ayres 80
The railway development 80
Banks of the Argentine Republic 80
Statement of William H. T. Hughes 82
Our exports to Buenos Ayres 82
The means of transportation 83
The question of prices 83
Reciprocity treaties 84
The lumber trade 84
Transportation line the first condition 85
A better acquaintance necessary 85
Observations of an Argentine 86
The question of transportation 86
Discriminating against Argentine wool 86
Enormous increase in wealth 87
The International Congress 87
XIII.—THE COMMERCE OF URUGUAY 88
Resources of the Republic 88
The imports of Uruguay 89
The obstacle in the way of commerce 89
Statement of Don José Marti 89
Our want of faith in the people 89
Popularity of American goods 90
Increasing trade with the United States 90
XIV.—THE COMMERCE OF PARAGUAY 91
Devastation of the country 91
Signs of a revival of industry 91
The exports and imports of Paraguay 91
XV.—THE COMMERCE OF BRAZIL 92
Enormous foreign trade 92
Exports and imports in 1888 92
A commercial phenomenon 92
Distribution of Brazil trade 92
How it is carried on 93
The triangular voyages 93
What our folly has cost 94
Some stupendous figures 94
All due to the lack of steam-ships 94
Preference for American goods 94
The imports of Brazil 95
Brazil desired reciprocity 96
Present condition of the Empire 96
Appendix A. Exports to Latin America in detail and by customs districts . 97

PART SECOND.

TRANSPORTATION.

Page.
I.—The Carrying Trade of the World 105
Present condition of transportation 105
Subsidies paid by all nations 106
What we pay foreign ships 107
What our lack of steam-ships costs us 107
England's monopoly of the carrying trade 108
American vessels crowded out 108
Our trade with Cuba 109
Some significant figures 109
II.—The United States Postal Service 110
Total cost of our postal service 110
Postmaster-General Vilas on the encouragement of commerce 110
Extension of our domestic service 111
The Spanish-American service reduced 111
Amounts paid to all steam-ships for forty years 112
Amounts paid to American steam-ships for forty years 112
Encouragement of commerce by land 112
Expenditures for special mail facilities 112
The inland steam-boat service 113
Inland steamers paid by distance 113
Ocean steamers paid only for letters carried 113
Inconsistency of our Congress 114
Statement of W. H. T. Hughes 114
Amounts paid to inland steamers 115
An example of inconsistency 115
Mail facilities for summer resorts 116
The star-route service 116
Some odorous comparisons 116
Complaints concerning our steam-ship service 117
Appeal of the Gulf States merchants 119
An appeal from San Francisco 122
III.—History of our Foreign Mail Service 123
The act of 1845 123
Ten years' contracts made under it 123
The act of 1848 124
Ten years' contracts made under it 124
The act of 1851 124
Contracts made under it 124
A remarkable contrast 124
The act of 1852 126
The act of 1855 126
The act of 1858 127
Contracts made under them 127
The act of 1860 131
The act of 1864 132
The acts of 1865 and 1867 132
The Pacific Mail subsidy 133
The Hawaiian Islands subsidy 133
Rates of postage before the Postal Union 134

Page.

III.—History of the Foreign Mail Service—Continued.
The reduction of ocean postage in 1874 134
The compulsory law 135
Report of the Committee on Shipping 135
Some interesting facts and figures 136
The facts in the case 136
Report of the Ship-Building Committee 137
The act of 1885 137
Profits of the Government on foreign mails 138
The Australian mail service 138
The Venezuela service compared 138
Postmaster-General Vilas refuses to carry out the law 139
The steam-ships refuse to carry the mails 139
This action contrasted with that of foreign governments 140
American steamers take the mails, but decline the pay 140
Postmaster-General Vilas contracts with a foreign company 141
Comments on this discrimination 141
The contract increased 142
Our Pacific Ocean service 142
Feeling of Australian colonies towards the United States 143
IV.—Steam-ship Policy of Foreign Nations 144
Former standing of the United States 144
How British shipping was built up 144
England's record for forty years 145
British mail pay to steam-ships for forty years 146
British subsidies to South American lines 146
New ships for South American trade 147
England's naval reserve 147
Naval reserve subsidies 148
British mail pay in 1888 148
V.—The Policy of Canada 150
Subsidies paid by the Dominion 150
Contracts with Canadian Pacific 150
Contracts for new steamers 150
Effect upon the commerce of the United States 151
Canada seeking South American trade 151
VI.—The Policy of France 153
Subsidies paid by the French Republic 153
Mail contracts with French companies 153
The French bounty system 153
Amounts paid annually as bounties 154
French lines to South America 154
Trade between France and the Argentine Republic 155
VII.—The Policy of Germany 156
Germany adopts the subsidy policy 156
Amounts paid annually 156
German lines to South America 156
A German floating commercial exposition 157
VIII.—The Policy of Spain 158
The Spanish subsidy system 158
Amounts paid under it 158
Additional bounties and mail compensation 158
A Spanish floating exposition 160
IX.—The Policy of Italy 161
The Italian subsidy system 161

Page.

IX.—THE POLICY OF ITALY—Continued.
Amounts paid under it 161
Bounties on construction and repairs 161
Bounty on imported coal 162
Italian lines to South America 162
X.—THE POLICY OF THE NETHERLANDS 163
Report of the Hon. Samuel R. Thayer 163
Subsidies paid by the Netherlands 163
Steam-ship lines to South America 163
XI.—THE POLICY OF BELGIUM 165
Compensation for carriage of mails 165
Report of Minister Terrell 165
Report of Consul Stewart 167
Steam-ship lines to South America 168
Rates of freight charged 168
XII.—OTHER EUROPEAN COUNTRIES 169
Subsidies paid by—
Austria-Hungary 169
Norway and Sweden 169
Russia 169
Portugal 169
Japan 169
Turkey 169
XIII.—POLICY OF AMERICAN NATIONS 170
Subsidies paid by—
Mexico 170
Guatemala 171
San Salvador 171
British Honduras 171
Honduras 171
Nicaragua 171
Costa Rica 171
Brazil 172
The Argentine Republic 172
Chili 173
The West India Islands 173
The Bahama Islands 173
The island of Trinidad 173
The island of Barbadoes 174
The island of Jamaica 174
The island of Tobago 174
Dutch Guiana 174
XIX.—OUR STEAM-SHIP LINES TO LATIN AMERICA 176
The Plant Steam-ship Line 177
The Morgan Company 177
Foreign lines 177
The Atlas Steam-ship Company 178
The Red Cross Line 179
The Booth Steam-ship Company 179
Royal Dutch West India Company 179
The Honduras and Central American Company 180
Sloman's New York and Brazil Line 180
The Spanish West India Line 180
New York and Porto Rico Steam-ship Lines 180
Quebec Steam-ship Company 180

Page.

XIX.—Our Steam-ship Lines to Latin America—Continued.
New York and Jamaica Line 181
Trinidad Line 181
The Taurus Line 181
People's Line for Hayti 181
New York and Yucatan Steam-ship Company 181
The Anchor Line 181
The Atlantic and West India Line 181
The Winchester 181
The Ern Line 181
The New Orleans and Belize Royal Mail 181
Oteri's Pioneer Line 181
New Orleans and Colombia Line 181
Tramp steamers 181
Table of distances 183
XV.—The Pacific Mail Steam-ship Company 184
Its beginning and extension 184
The company's vessels 184
Lines and length of trips 185
Ports at which vessels touch 186
Competition 186
Growth of business with Central and South America 187
Manufactures of the United States in demand 187
Mail subsidies 187
XVI.—The Ward Line of Steamers 179
Organization and fleet 189
American policy of the owners 189
Government obstacles to business 190
Present conditions more satisfactory 191
Extension of the line 191
Composition of cargoes 191
Competition of foreign subsidized line 192
The Spanish subsidy 192
What the United States pays 193
Result of the competition 194
The passenger travel 194
Mails carried at a loss 195
The cost of handling mails 195
Subsidies advocated 196
Exhibit A, correspondence with the Postmaster-General 196
XVII.—United States and Brazil Mail Steam-ship Company 199
History of the company from its origin 199
Difficulty of building up a fleet 199
Retrospective résumé of trade 200
Fleet and voyages 201
Parts visited by Brazil Line 202
Value of the line to the United States 203
Cost of construction and maintenance of ships 203
Features of competition. "Tramps" and subsidies 203
How tramp vessels are managed 204
Dangerous condition of the tramps 204
Mixing commercial business with transportation 205
How they cut the trade 206
Inspection of American ships 206
Condition of the coastwise traffic 207

Page.

XVII.—United States and Brazil Steam-ship Company—Continued.
The amount of competition from tramps 207
European competition 208
The English Belgian line 209
European *vs.* American Government aid 209
English mail packet service 210
The Spanish subsidies 211
Compensation for carrying United States mails 211
What the Brazil steamers receive 211
The controversy with Postmaster-General Vilas 212
How mails are handled 212
The promises of President Harrison 213
Compensation the Brazil Company has refused 213
Amount the line would have received under the old law 214
Advantages of coast and inland steamers 215
Cost and profit of handling mail 215
Brazilian mail contract 216
Increase of trade with the United States 217
Satisfactory changes in methods of business 217
Character of cargoes 218
How mail carriage should be paid for 218
List of United States and Brazil trade steamers 219
Cost, cargoes, and rates 220
Ships in the triangular trade 220
Conclusion 220
Exhibits 222
Exports by the Brazil ships 222
The British foreign mail service 222
Special subsidies paid by Great Britain 223
Address by William Eleroy Curtis 225
Reciprocity treaties 226
The carrying trade 226
America discovered by a subsidized ship 226
Pay should equal length of voyage 226
Some striking comparisons 227
The Tampa-Havanna service 227
Attitude of the administration 228
XVIII.—The Red D. Line of Steamers 239
Description of line by Ernest C. Bliss 229
Description of vessels composing line 229
The cost of construction and maintenance 230
Competing lines 230
Compensation for carrying the mails 231
The cost of carrying the mails 231
How trade can be developed 231
XIX.—The Proposed Naval Reserve 233
Recommendations of Secretary Whitney 233
The question of coast defense 233
England's naval reserve 234
Recommendations of Admiral Porter 234
A tonnage bill the simplest plan 234
The question of free ships 235
What we have paid foreign ship-owners 235
The need of a mercantile navy 235

Page.

XIX.—THE PROPOSED NAVAL RESERVE—Continued.
Ship-building a plain matter of business 236
Enterprise of the French Republic 236
APPENDICES A—Transportation facilities between the United States and Latin America in 1888 237
APPENDIX B—Report of House Committee on Shipping 249

PART THIRD.

I.—TOPICS FOR DISCUSSION 285
Measures to preserve the peace 285
The proposed customs union 285
Reciprocity treaties 285
The question of wool 286
Trade not affected by the tariff 286
The question of transportation 287
Uniform weights and measures 287
The protection of patents and trade-marks 287
Cheap goods demanded by the people 288
The experience of a New York firm 288
The form of the forgeries 289
Trade-marks forgeries in Brazil 290
The proposed international coin 290
The lack of banking facilities 290
Testimony of an expert 290
The opinion of an Englishman 291
Views of a banker 291
II.—THE SUGAR TRADE OF THE UNITED STATES 293
Our imports of sugar 293
Revenues collected on sugar 294
Sugar imported from Spanish America 294
Sugar trade with Hawaii 294
Imports from the Hawaiian Islands 295
Exports of refined sugar 295
Fluctuation of trade for ten years 296
Consumption of sugar in the United States 297
Relation of duties to value of sugar 298
Exports of sugar to the Argentine Republic and Uruguay 299
Steady falling off in the trade 299
Displaced by the beet-root sugar of Europe 300
Beet-root sugar in the Argentine Republic 301
The sales of refined sugar in Brazil 301
An impending struggle 302
Sugar trade in the Argentine Republic 302
III.—THE WOOL TRADE OF THE ARGENTINE REPULIC 304
Imports of various grades of wool 304
Carpet wools from South America 305
Wool imports by countries 306
Amount of carpet wool imported by the United States 306
Wool imports in 1888 306
Domestic production of wool 307
Benefit of the removal of the duty on carpet wools 308
Rapid growth of the carpet trade 308

Page.

III.—THE WOOL TRADE OF THE ARGENTINE REPUBLIC—Continued.
Importance of steamship communication to the wool trade 309
Development of wool manufacture in the United States 310
IV.—CREDIT SYSTEM IN SPANISH AMERICA 312
A requirement of the trade 312
Systems of credit in Europe 313
Steamship facilities necessary 313
How it is done in England 313
The three essentials for increased trade 314
Mexico 315
Yucatan 315
Costa Rica 315
Honduras 315
Colombia 316
Venezuela 317
Brazil 317
Uruguay 317
Argentine Republic 318
Peru 318
Cuba 319
Porto Qico 319
Hayti 319
V.—COINAGE AND PRECIOUS METALS 320
An international silver coin 321
A method suggested 321
The effect of such an arrangement 322
Estimates of values of Spanish-American coins 323
Relative weight of silver coin 324
Production of gold and silver 324
Coinage in American countries 325
Coinage in the United States 326
Production of precious metals in the United States 326
Ratio of silver to gold 327
Product of Mexico 327
Coinage of Mexico 327
Recoinage of Mexican silver dollars 328
Product of Bolivia 329
Coinage of Peru 329
Coinage of Colombia 330
Uruguay 330
Central America 330
Brazil 330
Production of the world 331
VI.—SPANISH AMERICAN CUSTOMS REGULATIONS 332
Little complaint in Central America 333
Customs regulations in Venezuela 334
Assessments by weight 334
A great cause of complaint 334
Goods shipped "in transit" 335
Discrimination 335
The tariff regulations of Mexico 336
The conditions in Chili 336
Remarkable rules in Peru 336
The tariff in Colombia 336
Appendix "A," trade mark forgeries in South American countries 339

PART I.

TRADE.

I.

OUR COMMERCE WITH LATIN AMERICA.

The total population of Spanish America, including the West Indies and Brazil, is nearly equal to that of the United States, being over 50,000,000, of whom not less than 5 per cent. are European subjects, and not more than 3,000 natives of the United States. There are about 500,000 savage Indians, confined to the interior of the continent of South America, and a few small tribes in Central America, numbering not more than 5,000 all told. Thus nearly every inhabitant of the two continents of Central and South America and the Antilles is a contributor, directly or indirectly, to the exports of the country in which he lives, and to a degree a consumer of imported merchandise.

PRODUCTS OF LATIN AMERICA.

The exports are raw materials, the natural or cultivated products of the several countries; and the imports are manufactured articles from Europe and the United States, the results of mechanical industry. Wherever there are manufactories, as in Mexico, Guatemala, Chili, and Brazil, the local demand is invariably in excess of the product, and the importing merchants are called upon to supply the deficiency. But the mechanical industries are so meager, and their output so small, that they scarcely enter into trade calculations, and add but an atom to the wealth and commerce of the countries. A few steamers would carry the entire annual product of the factories of the two continents; and the increase is so small as to offer no competition to foreign producers.

BREADSTUFFS AN EXCEPTION.

An exception should be noted, however, in the item of breadstuffs. Chili has already driven the flour of the United States off the west coast of South America, and now supplies Peru, Ecuador, and Bolivia. The California millers are also beginning to feel the competition of Chili at Panama and along the west coast of Central America, and unless cheaper freights are offered from San Francisco southward, we shall lose a large and lucrative market.

The Argentine Republic was an importer of breadstuffs a few years since, but the agricultural development of the pampas is so rapid and extensive that the present product not only supplies the local demand but furnishes an annual surplus, valued at $14,000,000, for export. The same is true of Uruguay, which has also become an exporter of wheat and flour within the last two or three years, and has an enormous productive capacity now being rapidly developed by Italian immigrants. The time is not far distant when these three countries will deprive the United States of the greater portion of its flour market in the West Indies and South America, and will enter into active competition with us in Europe.

THE DRESSED-MEAT TRADE.

The same countries, Argentina, Uruguay, and Chili, are also large producers of sheep and cattle, and while Chili will supply the west coast with beef and mutton, the Argentine Republic and Uruguay will eventually have a serious effect upon our European trade, being able to [illegible] their peculiar advantages to underbid the beef producers of the United States anywhere in the world. Already refrigerator ships are sailing nearly every day from the River Plate loaded with dressed beef and mutton for England and Germany, and packing-houses are being erected on an extensive scale under an $8,000,000 subsidy from the Argentine Government. The jerked-beef supply of Brazil and the West Indies has long been furnished by Argentina and Uruguay, and the exportations to Europe already amount to millions of dollars annually.

PORK AND DAIRY PRODUCTS.

In pork products and dairy products the South American countries will never be able to compete with us, owing to climatic reasons, and will continue to be large and increasing consumers. With these exceptions, and some articles of luxury, they will eventually have a sufficient local supply of food products, and become active rivals for the trade the United States now enjoys in Europe. The River Plate Valley is more to be feared than India, Russia, or Australia as a competitor in breadstuffs and provisions.

NATURAL TRANSPORTATION FACILITIES.

Its possibilities are unmeasured; its productive area is greater than that of the Mississippi Valley, and its transportation facilities are so convenient and extensive that vessels for Europe can literally enter the wheat-fields and the ranches. There is scarcely a spot in the River Plate country, comprising Argentina, Uruguay, and Paraguay, more than 500 miles distant from a navigable river, and our advantages in this respect would not be greater than theirs if ocean steamers could load at Pittsburgh, Kansas City, or St. Paul.

The Rio de la Plata, or the River Plate, as it is commonly known offers a more extensive system of unobstructed navigation than any river in the world, and, with the exception of the Amazon, pours more water into the ocean. It affords more miles of navigation than all the rivers of Europe combined, and more than the Mississippi with its several tributaries. The tide from the Atlantic reaches 260 miles up the stream, and ocean ships of 24 feet draught can find water enough the whole year at a distance of 1,000 miles from its mouth. Vessels of from 16 to 20 feet draught can go 2,700 miles into the interior of the continent, and a comparatively small amount of money—a mere fraction of the sum that has been spent upon the Mississippi—will furnish a path for a 4,000 ton vessel from New York or Liverpool to the very heart of Brazil, by way of Buenos Ayres.

The navigation of the Amazon is obstructed by natural obstacles, which it will be difficult to remove; but the Orinoco is open to large vessels, and the Rio Negro, in the southern part of Argentina, affords access to Patagonia, as the Magdalena does to the interior of Colombia.

ARTIFICIAL TRANSPORTATION FACILITIES.

The Argentine Republic, Brazil, Chili, and Uruguay are supplementing their natural transportation facilities by extensive railway systems, and will soon in this respect be as well equipped for commerce as Kansas or Colorado; and it is from them that we have cause to fear in finding a market for our agricultural and pastoral products. They can place wheat on board a Liverpool steamer at a lower price than we can place it upon a lake steamer at Duluth, and can stow away carcasses of dressed beef and mutton in refrigerator ships cheaper than our Western ranchmen can land their live stock at Chicago or Kansas City. Not only are their transportation facilities cheaper and more convenient, but their cost of production is much less than ours, so that as rivals in the European food markets they will be formidable and dangerous.

THE PROPOSED INTERCONTINENTAL RAILWAY.

In a very able and interesting dispatch to the Department of State, Mr. John E. Bacon, United States minister to Uruguay, thus discusses the proposed intercontinental railway:

Fortunately the United States is not confined to the ocean in order to recover this immense South American commerce. An international railway would not only control but monopolize it, and in such a way as to defy all future competition.

Is it feasible? When I began to study this question three years ago, I was inclined to regard it as somewhat visionary. A close scrutiny, a more intimate acquaintance with the people and the topography of the country, a constant intercourse and conversation with able and distinguished geologists and topographical engineers here, some of whom have been over the ground more than once, and, above all, the fact that within these three years railroads have been actually built and routes surveyed for at least one-third of the distance between Buenos Ayres and Bogota lead me to believe that the great international highway (railroad) will be completed much

sooner than has been anticipated. This, I think, can be clearly demonstrated by a detailed description of the distance and routes between Buenos Ayres and Bogota, or Cartagena, or Panama, and especially of the railways already built and surveyed along the line; and it will, I have little doubt, astonish many to know, as above stated, that within only three years one-third of the whole line has been built, or is under survey and construction; in fact that there are two lines so built and under construction, and concessions granted for at least two more, and these railways, together with shorter ones already in operation in Peru, Ecuador, and Bolivia, with which connections might be easily made, would make the distance between the two cities, Buenos Ayres and Bogota, to be filled up only about 2,000 miles. It is by no means so gigantic an undertaking as the great Pacific road, connecting the Atlantic and Pacific, over 3,000 miles. I allude to this to show how distance, time, obstacles, visionary impediments, sneer, and ridicule vanish before concentrated determination, energy, capital, and skill.

THE WORK ALREADY BEGUN.

Now, why can not this proposed international railway, one-third, or at least one-fourth shorter than the Pacific, above alluded to, be built, and built at once (five or six years) in the same way and by the same means? The answer is apparent, and is evident from the very fact that, within the short space of three years, one-third of it has already been built, or built and being built, and that over the worst part, the "Gran Chaco," between the Argentine Republic and Bolivia.

Every possible encouragement is and will be given for its construction by the States through which it is to pass, not only in the way of concessions for railway purposes, but by a guaranty of from 5 to 7 per cent. per annum interest on all amounts invested in construction, as also extensive tracts of land on both sides of the road; and, as the line would run through what has been always regarded as the richest auriferous regions of the world, to say nothing of its other mineral and botanical wealth, such tracts of land would, in all probability, prove invaluable.

To assert these facts is a matter of great ease. Let us prove them. I have before me a railroad map of South America, prepared with great care and at considerable expense, from which the roads already built, as also those in process of construction, etc., between Buenos Ayres and Bogota, can be distinctly traced, the distances ascertained, etc.

[NOTE.—Mr. Bacon's description of the proposed lines will be found at the end of this chapter, marked Appendix A.]

THE PRESENT OUTLOOK.

(1) Within the last three or four years about one-third of the line has been built; that is, railways with which the international road could connect.

(2) Concessions are being annually granted in the different republics through which it would pass for the construction of other railways that might form connecting links.

(3) These concessions are generally of the most liberal nature, such as a guaranty of 5, 6, and 7 per cent. per annum upon all sums invested in construction, and also liberal grants of land on both sides of the route, exemption from taxation, importation of all needed railway supplies free of duty, etc. For instance, the late concession granted by Paraguay to General Osborn (ex-United States minister to the Argentine Republic) for a railway from the right bank of the Paraguay River across the Chaco to the Bolivian frontier, concedes, among other things, along the whole length of the line, 60 meters wide of land shall be delivered for the line, and also full proprietary rights gratis of alternate lots of land on each side of the line, each lot to be of 10 kilometers fronting the line and 20 kilometers in depth, exemption from taxation for forty years after the completion of the line, freedom of employés from military service, etc.

(4) The republics along the whole line are anxious for the construction of railways, and are offering concessions so liberal that they must attract capital.

(5) The liberality of these concessions is apparent from the fact that they are generally sold by the original concessionaires at greatly advanced prices. As an example of this, the papers state that Dr. Stewart has been offered for his late concession of a railway, from Posadas to Villa Rica, in Paraguay, $100,000.

(6) European capital and immigration are steadily flowing to many of these countries, and will, in all probability, continue to do so.

(7) The wish to build the whole line is general, and the feasibility admitted. Indeed, the probability of its construction is occupying the public mind more and more every year.

(8) The immense tracts of land granted to the concessionaires have made large fortunes.

(9) In some of these republics rival capitalists are striving for these concessions.

Many other reasons might be stated, if necessary, and time and space at our command. Indeed, it is par excellence the age of railways and railway investments, especially in South America. While writing I see it stated in the South American Journal of last month that a "Registration company" has been formed in London for the construction of a line in Colombia from Santa Marca to Banco, on the Magdalena River, with a capital of £600,000; and also a line, in the same republic, from Santander to Bucuramango.

There are over twenty railways in operation in the Argentine Republic, and concessions granted for several more. The construction cost of those now in operation is estimated at a little over $40,000 per mile. Taking this as a fair average, and estimating the international line from Buenos Ayres to Bogota to be 3,600 miles, and deducting the first-class railway already in operation between Buenos Ayres and Jujuy, 993 miles, and which is the most direct route to Bogota, there would be left to be built, without deducting for the other links above referred to in describing this route, 2,610 miles, at a cost of $40,000 per mile, or $104,400,000.

JOHN E. BACON.

MONTEVIDEO, *January* 11, 1888.

BRITISH INVESTMENTS IN SOUTH AMERICA.

European capital has regarded the immense profits paid by our cattle industry with jealous eyes, and the amount invested in Texas, Colorado, and the Territories shows how desirous they are to share it; but the increasing price of land and cattle in this country has diverted their attention elsewhere, and they have found in Argentina and Uruguay a place where the same area of pasturage and an equal number of cattle can be purchased for about one-half the money. Millions of dollars are being invested by foreigners in this industry, the Englishmen generally taking cattle ranches and the Irishmen and Scotchmen sheep. There are now one hundred million sheep in the Argentine Republic and eleven million in Uruguay, while there are thirty million cattle in Argentina, seven million in Uruguay, and three million in Paraguay. The significance of these figures can be better realized by comparison. There are ninety-six sheep, eighteen cattle, and four horses for *each* inhabitant of the River Plate country, and only eighty sheep, seventy cattle, and twenty horses for every *one hundred* inhabitants of the United States; and their stock interests are growing faster than ours.

MAGNITUDE OF SPANISH-AMERICAN COMMERCE.

People who have not studied the subject have very little conception of the magnitude and value of the foreign commerce of Central and South America. The fifty millions of people south of the Rio Grande and the Gulf of Mexico are engaged in a trade which amounts to $1,000,000,000 annually, nearly evenly divided between exports and imports; and in the countries south of the Tropic of Capricorn, those of the temperate zone of South America, the foreign commerce is increasing with amazing rapidity.

The total value of the foreign commerce of these countries increased from $709,000,000 in 1870 to $1,014,000,000 in 1884, a gain of $304,732,000, or 43 per cent. This increase of commerce during the period indicated compares favorably with the increase of the trade in merchandise of the principal commercial nations of the globe, being greater than that of Great Britain, which increased 27.2 per cent., and little less than that of France, which increased 45.6 per cent. The trade in merchandise of the United States increased from $828,730,000 in 1870 to $1,547,020,000 in 1884, showing an increase of 86.7 per cent.

The imports of Latin America during the same period increased from $337,353,000 to $460,662,000, a gain of $123,309,000, or 36.6 per cent., and the exports from $371,907,000 to $550,325,000, a gain of $178,418,000, or 48 per cent.

The comparative magnitude of the foreign commerce in 1884 of the countries was as follows:

Commerce of the year 1884.

Countries.	Imports.	Exports.	Total commerce.
Brazil	$100, 525, 862	$118, 323, 551	$218, 849, 413
Argentine Republic	77, 6.0, 574	58, 100, 697	135, 721, 271
Cuba	58, 432, 165	66, 779, 204	125, 211, 369
Chili	49, 655, 720	72, 716, 088	122, 371, 808
Mexico	27, 300, 856	41, 807, 595	69, 108, 451
All other	147, 126, 488	192, 597, 415	342, 728, 903
Total	460, 661, 665	550, 324, 550	1, 013, 991, 215

COMMERCE IN 1886.

In 1886, the latest year for which the complete statistics are available, the foreign commerce of Latin America reached a total of $973,180,452, of which $473,695,941 were imports, and $499,484,511 were exports.

Of this trade Brazil had the greater share, her imports amounting to $107,835,819, her exports $105,449,044, and her total foreign commerce $214,284,263.

The Argentine Republic stood second in importance, with $97,658,000 imports and $69,834,000 exports, making a total of $167,492,000.

The island of Cuba came third with a total commerce of $125,211,369, divided into imports $58,432,165, and exports $66,779,204.

Chili is the next on the list with $40,096,000 imports, $51,259,000 exports, a total of $91,355,000.

THE GAIN IN SIXTEEN YEARS.

During the period between 1870 and 1886 the total gain was $263,921,098. The greatest increase was seen in the Argentine Republic ($99,375,599), the next in Cuba ($35,678,227), the next in Chili ($24,099,970), and the next in Brazil ($20,707,000). The increase in Uruguay was $15,884,000, in Venezuela $14,677,000, and in Colombia $10,314,000, while all the other nations shared in lesser proportions.

If a comparison could be made with the year 1888 a still greater increase would be shown, for there is no doubt that during the last year the commerce of Latin America surpassed even that of the year 1884 and exceeded a thousand millions. The increase in Chili and the Argentine Republic alone would carry the total above that sum, while all the other nations either held their own or showed progress.

MATERIAL DEVELOPMENT OF THE UNITED STATES.

In this vast expansion of the commerce of the countries nearest us and those which are our natural trade allies, the United States has had but a trifling share. Our own growth has been phenomenal. The development of our material resources and our increase in wealth has astonished the world.

Our population has leaped from 38,900,000 in 1870 to 65,000,000 (estimated), in 1889.

The value of our manufactures, which in 1870 was four billions of dollars, has increased to eight billions, and our natural wealth, which in 1870 was thirty billions of dollars, is now estimated at fifty-six billions.

The following table from the American Economist shows some other interesting comparisons:

Description.	1870.	1888.
Gold, silver, and paper currency	$900,000,000	$1,700,000,000
Gold coin	$130,000,000	$705,000,000
Silver coin	$36,000,000	$386,000,000
Foreign commerce	$1,000,000,000	$1,500,000,000
Miles of railroad	77,000	157,000
Annual railroad freight earnings	$360,000,000	$640,000,000
Annual railroad passenger earnings	$136,000,000	$240,000,000
Telegraph lines ... miles	73,000	171,000
Tons pig-iron produced	2,000,000	7,000,000
Tons steel rails produced	750,000	2,250,000
Barrels petroleum produced	8,000,000	28,000,000
Tons sugar used	750,000	1,500,000
Tons coal mined	50,000,000	110,000,000
Bushels wheat raised	289,000,000	456,000,000
Bushels corn raised	1,200,000,000	2,000,000,000
Bushels oats raised	320,000,000	700,000,000
Value farm animals	$1,650,000,000	$2,500,000,000

AN AMAZING CONTRAST.

But during all these prosperous years, amid all this prodigous development, our export trade to Latin America almost stood still, and that market was left to the European traders. There was a heavy gain in our imports of raw material from those countries, however. In 1868 they were but $83,409,000, in 1888 they had reached $181,058,000, an increase of ninety-eight millions, while our export trade increased only sixteen millions.

The following table shows the increase of our exports to all the world, compared with the increase to Latin America from 1868 to 1888:

Year.	Total exports.	Exports to South America.	Year.	Total exports.	Exports to South America.
1868	$375,737,000	$53,197,000	1880	$852,781,000	$58,451,000
1870	450,927,000	50,152,000	1886	751,988,000	60,316,000
1876	596,890,000	57,6[illegible]0,000	1888	742,368,000	69,275,000

It will be noticed that the greatest gain in our Spanish-American commerce was during the last two years.

The difference between the growth in our export and our import trade with Spanish America is due to the fact that the transportation facilities during this period have been controlled by foreigners, chiefly Englishmen, who so regulated the voyages of their ships that, while there were plenty of facilities for freight to reach the United States from all the countries south of us, there was no way for merchandise from the United States to reach some of them unless a sailing vessel was chartered.

OUR SHARE OF THE LATIN-AMERICAN TRADE.

The share of the United States in the commerce of Latin America during the year 1888 was $244,219,000; of which our imports were valued at $175,229,000, and our exports $68,990,000. In other words, we bought 35 per cent. of what our neighbors had to sell, and sold them less than 15 per cent. of what they purchased.

This phenomenon is not new, and it should not be suprising. It has been exhibited for more than a quarter of a century. Since the close of the war we have paid our neighbors in the settlement of these balances a sum greater than the principal of the public debt, and the total continues to roll up at the rate of one hundred and ten millions a year. During the last twenty years the balance against us in our trade with Latin America has been nearly three thousand million dollars, which we have paid in gold.

We have expended the profits of our European and Asiatic trade in purchase of raw materials in Central and South America, while those of whom we have been buying spend the proceeds in England, France

and Germany for manufactured articles, 70 per cent. of which they might purchase here of better quality and at similar prices.

CHARACTER OF THE TRADE.

Our trade with Spanish America is confined to a few articles. The following table shows the character and amount of merchandise imported in 1887:

Articles.	1887.
Chemicals, drugs, dyes, and medicines	$5,575,063
Cocoa, crude and leaves, and shells of	1,557,253
Coffee	52,060,026
Fruits including nuts	4,619,920
Hides and skins, other than fur skins	12,409,572
India rubber and gutta-percha, crude	10,491,300
Sugar and molasses	62,560,500
Tobacco, and manufactures of	7,731,663
Wood, unmanufactured	1,154,713
Wool, unmanufactured	1,551,907
All other merchandise	12,756,609
Total imports	172,468,526

The following table shows the character and amount of merchandise exported from the United States to those countries during the same year, and in 1880, by which the fluctuations in trade may be compared:

Articles.	1887.	1880.	Increase.	Decrease.
	Dollars.	*Dollars.*	*Dollars.*	*Dollars.*
Breadstuffs	12,726,167	14,144,660	.....	1,418,493
Cotton, manufactures of	5,463,989	3,800,541	1,663,448	.....
Iron and steel, and manufactures of	7,273,100	6,515,993	757,107	.....
Oils, mineral: Refined or manufactured	2,867,052	1,499,860	1,367,192	.....
Provisions, comprising meat and dairy products	8,678,710	8,762,860	.....	84,150
Wood, and manufactures of	7,797,272	6,203,515	1,593,757	.....
All other merchandise	20,098,189	17,524,425	2,573,764	.....
Total domestic exports	64,904,479	58,451,854	6,452,625	.....

THE TRADE NOT AFFECTED BY OUR TARIFF.

As will be noticed in the above table, our protective tariff system has no influence whatever upon the trade, although the advocates of its reduction or abolishment, in ignorance of the facts, continue to assert and reiterate that the duties imposed upon imported goods prohibit us from reaching the Latin-American markets. The cost of labor and the wages paid to workingmen, which are from 50 to 100 per cent. higher in the United States than in any other part of the world, naturally increase the cost of production in a similar ratio, but it is daily demonstrated, nevertheless, by the actual experience of merchants engaged in trade with every one of the countries on this hemisphere, that the manufacturers of the United States can compete with those of Great Britain, France, and Germany in nearly every article we export, and the infringement of our patents and the forgery of our trade-marks prove the superiority and popularity of American goods. Our mer-

[illegible] can be only [illegible] of Europe in equal terms. [illegible] quantities of merchandise are annually sent from the United States to South America by way of Brazil. Examine Lisbon, and Liverpool, and we will be a profit after crossing the Atlantic twice.

In a recent dispatch to his Government, Sir George Eugen Wyndham, British minister to Brazil, emphasizes the preference shown by the people of that empire for American manufactures, and says that out of ten million and fifty-two milreis in the upon eighteen million of the Brazilian Empire, ten million and thirteen were manufactured in the United States and only twenty-eight in Great Britain.

APPENDIX A.

THE GENERAL ROUTE OF THE PROPOSED INTERCONTINENTAL RAILWAY.

From the Report of John R. Bacon, U. S. Minister to Uruguay:

I will describe a dream, then line now projected, and in great part constructed, between Buenos Ayres and the Bolivian frontier, a distance of about 1,300 miles, being continuation of the whole line between that city and Bogota. First, the railway from Buenos Ayres to Rosario, 300 miles; Rosario to Cordoba, 300 miles; Cordoba to Tucuman, 340 miles; Tucuman to Jujuy, 220 miles; total, 1,160 miles. The above is now built and in operation. Then from Jujuy, almost on the Bolivian frontier, to La Paz, the capital of Bolivia, 300 miles; from La Paz to Santa Rosa, Bolivia, built, 220 miles; Santa Rosa to Cuzco, not built, 120 miles; Cuzco to Santa Rosa, Ecuador, not built, 300 miles; Santa Rosa to Hiradna, Colombia, not built, 450 miles; Hiradna to Bogota, built, 140 miles; total, 2,430 miles. This line, it will be seen, gives 1,160 miles in operation from Buenos Ayres to Jujuy, and 2,430 miles from Jujuy to Bogota, of which 300 miles are already constructed, leaving to be built 2,070 miles. The route heads all the rivers, principally tributaries to the Amazon.

A SECOND ROUTE.

Second. Buenos Ayres to Santa Rosa, Argentine Republic, built, 450 miles; Santa Rosa to Posadas, surveyed and projected, not built, 220 miles; Posadas to Villa Rica, Paraguay, surveyed and projected, not built, 175 miles; Villa Rica to Asuncion, Paraguay, partly built and to be finished by next spring, 175 miles; Asuncion to Sucre, Bolivia, projected and concession granted, 700 miles; Sucre to La Paz, Bolivia, 220 miles; total, 1,940 miles. From La Paz to Bogota, as indicated in the first route, 1,300 miles, of which there are in operation about 910 miles; to this may be added 300 miles between Santa Rosa and Posadas, and Posadas and Villa Rica, Paraguay, so surveyed and projected as to be sure to be built within two years and may be assumed to be built; making a total of 2,515 miles.

THE THIRD ROUTE.

Third. A route from, at, or near Asuncion, Paraguay, as follows: Along the Pelcomayo River, across the Gran Chaco, from near Asuncion to Salinas, near the Bolivian frontier, 600 miles; Salinas to Potosi, Bolivia, 540 miles; Potosi to La Paz, 385 miles, not built; La Paz to Arequipa, Peru, built, 380 miles; Arequipa to Bogota, about the same distance as from La Paz to Bolivia, 1,880 miles; Asuncion to Buenos Ayres so surveyed and projected as to be presumed to be built; in fact, the greater part built, 1,000 miles; from which may be reasonably deducted the distance from Buenos Ayres to Asuncion, 1,000 miles, and from La Paz to Arequipa, built, 480 miles, leaving a total of 3,[illegible] miles.

This latter route has been projected by the great Buenos Ayres railroad kings, the Messrs. Clark, though only to Arequipa, and is called "The South American Railway."

THE LINE FROM BUENOS AYRES TO VALPARAISO.

The whole line from Buenos Ayres to Valparaiso will shortly be thrown open to trade. This line, when finished, will revolutionize trade, and divert most of that of the Pacific coast of Chili and Bolivia to Buenos Ayres, instead of around the cape, the distance being much less and the freights much cheaper. It will also greatly facilitate travel, the mail, specie, and valuable packages of merchandise to and from Australia, putting Melbourne and London within a voyage of thirty-seven hours; in fact, connecting the Pacific and Atlantic between Valparaiso and Buenos Ayres, the time required being only forty hours.

This connection and communication has given rise to a fourth international projected route, as follows: Buenos Ayres to San Felipe, in the Argentine Republic, built, 660 miles; San Felipe to Coquimbo, partly built, 250 miles; and from Coquimbo to Lima, 1,320 miles; Lima to Bogota, 1,100 miles; total, 3,330 miles. Of this route—Coquimbo to Bogota—parts have been built, notably the line from Yca to Chaucay, passing Lima, about 300 miles; other short connections, approximating 250 miles—a total of 550 miles; deducting 660 miles already built, there is still to be constructed 2,120 miles.

This route, throughout its entire length, runs along the Andes, until it reaches Quito, or Guayaquil, in Ecuador, whence it turns northeast towards Bogota. It is said to be the richest mineral route of the world, including the regions of gold and silver originally discovered by the Spaniards.

THE FIFTH ROUTE.

A fifth route has just been developed, and a concession granted therefor, called the International Argentine and Bolivian Railway, to run from Buenos Ayres to some point near Corrientes, thence to Oran, near the Bolivian frontier. This route presumes that the railway connections between Buenos Ayres and Corrientes will soon be completed, a distance of about 700 miles; Corrientes to Oran, 465 miles; Oran to Bolivian frontier, 96 miles; Bolivian frontier to La Paz, 550 miles; La Paz to Bogota, 1,880 miles; total, 3,691 miles; deducting 700 miles presumed to be built from Buenos Ayres to Corrientes, and about 365 miles of connections between La Paz and Bogota already built, leaves still to be constructed 2,626 miles.

It will be observed that these five routes have been treated as international routes between Buenos Ayres and Bogota. By this we do not mean to say that they are intended by the projectors as such, but are described because they all tend in that direction, and, as far as they go, will, or might be, a part of that great international highway, thus leaving so much the less to be constructed.

It will also be seen that of the five proposed routes between the two cities there remains to be built as follows: Route from Buenos Ayres via Jujuy and La Paz, 2,070 miles; Buenos Ayres via Asuncion (Paraguay), La Paz, Sucre, etc., 2,515 miles; Buenos Ayres, connecting with the Clark South American Railway near Asuncion, across the Gran Chaco, to Salinas, Sucre, La Paz, etc., 3,225 miles; Buenos Ayres to San Felipe, thence along the Andes to Coquimbo, Lima, etc., 2,120 miles; Buenos Ayres via Corrientes, Oran, La Paz, etc., 2,626 miles. There are other routes projected, for which concessions have been granted, all tending toward Bogota; but the five already described are the principal.

AID FROM SOUTH AMERICAN GOVERNMENTS.

As above stated, every encouragement, both material and moral, will be given to the construction of this international road by the different republics through which

[illegible] which is the most important, may be approximated [illegible] adopted by the Argentine Republic and other South [illegible] guaranty of from 5 to 7 per cent. per annum on all sums [illegible] most liberal grant of lands along the road.

[illegible] length would pass through countries teeming with [illegible] commerce, such as coffee, cacao, quinine, sugar, man- [illegible] medical, and dye-stuffs, and timber and wood of [illegible]

[illegible] countries have been regarded as the land of gold, [illegible] and also copper, lead, bismuth, salt, nitrate of soda, [illegible]

[illegible] of Bolivia were supposed to be especially rich in [illegible] recent discoveries show that the fabled land of the [illegible] somewhere in Bolivia, where "mighty griffins" [illegible] "caves of gold and diamonds," has not been so [illegible] of all poetry, immense mines and deposits of [illegible] that country, though too remote from highway and [illegible] worked.

[illegible] DORADO OF THE ANCIENTS.

[illegible] of the Mint for 1884 it is stated, upon information [illegible] to Bolivia, that Chili, Bolivia, and Peru, under ad- [illegible] would "add 50,000,000 ounces of silver to the world's use [illegible] the Cerro Pasco, in Peru, of 2 miles in length by 1 in width, [illegible] that, without going deeper than 280 feet, over $200,000,000 [illegible]." "Every spade that turns the clod reveals the silver." [illegible] American Journal and kindred papers are filled with accounts [illegible] of the precious metals from the Argentine Republic to Colom- [illegible] remembered that few, if any, of these republics have mints, but [illegible] be coined, it can be easily imagined what this would amount to [illegible]

[illegible] fields of the world are also along these routes or in proximity [illegible]

[illegible], not heretofore regarded as so abundant in these metals as Peru, [illegible] seems, from recent accounts, to be rich in mines and deposits. Mr. [illegible], writing in this regard in August last, says, among other things, that [illegible] value and extent of the mineral resources of Colombia are not a mere [illegible] conjecture; their reality has long since been established on the basis of ex- [illegible] * * * Of all fields for mining enterprise there are few equal to this [illegible] little known region."

Independent of gold and silver, diamond and emerald, however, the legitimate in- [illegible] commerce of the states through which this international road would directly pass, and the adjacent country drained thereby, amounts, under the unfavorable con- ditions now attached to it, to over $600,000,000 per annum. What would it not amount to when stimulated and developed by this proposed international line?

II.

WHAT IS SENT TO LATIN AMERICA.

Very few people have any idea of the infinite variety of the manufactured merchandise sent to Central and South America. Copies of manifests have been furnished me by the managers of several of the steam-ship companies, which show each article included in the cargoes of their ships, and from them the following list has been made up:

Agricultural implements.
Asbestos.
Anise seed.
Advertising matter.
Axle grease.
Apples.
Air guns.
Ashphalt.
Alcohol.
Acetate of lime.
Acid.
Arms.
Ammonia.
Ash.
Art leather.
Almonds.
Aniline dyes.
Butter.
Blacking.
Bread.
Bellows.
Books.
Bacon.
Beans.
Belting.
Beer.
Bicycles.
Batteries.
Baby cabs.
Brass.
Bottles.
Burial cases.
Bustles.
Bronzes.
Brass goods.
Beeswax.
Britannia ware.
Belt laces.
Buttons.
Bags.
Brushes.
Brimstone.
Blocks.
Bitters.
Broom-corn.
Barrows.
Bells.
Beef.
Bran.
Billiard cloth.
Bungs.
Billiard tables.
Boilers.
Bark.
Billiard strips.
Borax.
Billiard goods.
Bath-bricks.
Bath-tubs.
Cartridges.
Cotton goods.
Cheese.
Crucibles.
Cumin seed.
Canned goods.
Cattle.
Coffee.
Clocks.
Cocoa.
Candles.
Cutlery.
Corks.
Copper goods.
Corn.
Car material
Cartridge shells.
Cement.
Combs.
Car wheels.
Chalk.
Carriages.
Codfish.
Caviare.
Cane chairs.
Cane.
Cotton.
Cards.
Cuspadores.
Canary seed.
Carbons.
Coloring.
Cars.
Cyclostyles.
Cigar-maker's boards.
Cod sounds.
Candy.
Caustic potash.
Caustic soda.
Corsets.
Carriage material.
China.
Cages.
Crayons.
Cassia.
Corn meal.
Chromos.
Cloves.
Cordage.
Clay.
Clothing.
Collars.
Corn flour.
Cotton-seed hulls.
Cigarettes.
Corn starch.
Castors.
Celluloid goods.
Cinnamon.
Dates.
Dental goods.
Dried fish.
Drugs.
Dry goods.
Domestics.
Druggists' ware.
Dried fruit.
Dyes.
Dental engine.
Dye-stuffs.

Emery cloth.
Extract logwood.
Enameled cloth.
Enameled duck.
Engines.
Electric light material.
Essential oils.
Eye-glasses.
Empty shells.
Furniture.
Flour.
Feather dusters.
Flint.
Feed.
Feathers.
Fire-arms.
Fans.
Figs.
Fish-plates.
Fish.
Fancy goods.
Fire-crackers.
Fuse.
Frames.
Fishing-lines.
Fruit-presses.
Felt.
Fancy cards.
Furs.
Files.
Fish-oil.
Glassware.
Gelatine.
Glue.
Groceries.
Garlic.
Grapes.
Grease.
Grindstones.
Gas-fixtures.
Glass tubes.
Gum Senegal.
Galvanized goods.
Gums.
Grindstone-fixtures.
Handcarts.
Hardware.
Hams.
Hops.
Hats.
Hogsheads, empty.
Hose.
Hoops.
Hay.
Household goods.
Handles.
Hides.
Heading.
Harness.
Horn tips.
Hog hair.
Hemp.
Hectographs.
Iron, manufactured.
Ink.
Iron bars.
Incubators.
Ice-cream freezers.
Iron safes.
Iron tubes.
Igniting-tapes.
India-rubber.
Jewelry.
Jute.
Japanned ware.
Kalsomine.
Lamp goods.
Lamp-ware.
Lard.
Lard-oil.
Lumber.
Leather.
Lime.
Linseed-oil.
Locomotive springs.
Leather belting.
Lightning-rods.
Lead-pencils.
Lubricating-oil.
Lathe.
Locomotives.
Labels.
Leather bags.
Machinery.
Mats.
Maizena.
Manufactured wood.
Mattresses.
Manufactured tobacco.
Matches.
Marble-dust.
Music.
Manufactured hair.
Manufactured zinc.
Mast-hoops.
Manufactured copper.
Matting.
Minerals.
Mucilage.
Match-splints.
Molds.
Mineral water.
Metallic shells.
Machine-oil.
Mexican silver.
Mince-meat.
Millstones.
Malt.
Manufactured marble.
Notions.
Nails.
Nuts.
Newspapers.
Needles.
Oats.
Onions.
Oakum.
Organettes.
Oil-cloth.
Oars.
Oil-cake.
Oatmeal.
Olive-oil.
Oak.
Organs.
Olives.
Paint.
Photographer's material.
Paper.
Petroleum.
Plaster.
Primed shells.
Plated ware.
Pumps.
Porcelain bowls.
Pumice stone.
Packing.
Pork.
Peas.
Pimento.
Pictures.
Pickled fish.
Perfumery.
Pitch.
Pepper.
Potatoes.
Pencils.
Patent leather.
Post-office lock-boxes.
Paper caps.
Paper boards.
Paper fashions.
Pop corn.
Porcelain ware.
Percussion caps.
Pins.
Printing material.
Pianos.
Pickles.
Paraffine oil.
Paraffine wax.
Printing types.
Paper hangings.
Rosin.
Railroad material.
Rosin oil.
Revolvers.
Rubber belts.
Railroad cars.
Raisins.
Rivets.
Railroad spikes.
Refrigerators.
Rice.
Spikes.
Sausages.
Syringes.
S. board.
S. M. oil.
Stationery.
Shoes.
Shooks and heads.
Scales.
Sugar.
Sandpaper.
Sewing machines.
Soup paste.
S. cane spreaders.
Strawboard.
Surgical instruments.
Shafts.
Stove polish.
Staples.
Saw teeth.
Salad dressing.
Slates.
Sperm oil.
Silverware.
Saddlery.
Specie.

Silex.
Snuff.
Scissors.
Silicate of soda.
Starch.
S. lighters.
Skins.
Spirits of turpentine.
Sewing-machine needles.
Shoe laces.
Saws.
Steel rails.
Sand.
Shot.
Soap-grease.
Shade fixtures.
S. nails.
S. trucks.
Sulphur.
S. M. parts.
Sponges.
Straw goods.
Scientific instruments.
Sickles.
Sabers.
Salves.
Shell-primers.
Sarsaparilla.
Shawl-straps.
Stearic acid.
Sheet-iron.
Straw covers.
Toys.
Trunks.
Tools.
Telegraph material.
Trucks.
Tin.
Tar.
Tobacco.
Toothpicks.
Tacks.
Tinware.
Toiletware.
Tea.
Tinfoil.
Tallow.
Toilet sets.
Typewriters.
Tongues.
T. hoops.
Tarpaulin.
Tiles.
Telephones.
Thread.
Tags.
Tallow scraps.
Twine.
Tent material.
Tin-plate.
Varnish.
Vegetables.
Velocipedes.
Valises.
Woodware.
Wood, manufactured.
Wick.
Windmills.
Whalebone.
Wax.
Waste.
Wads.
Wood sticks.
Wire.
Whiting.
Wheat.
Window glass.
Whips.
Wheels.
Walnut.
Wine.
Wheelbarrows.
Watches.
Wall paper.
Whitewood.
Water-wheels.
Yellow metal.
Zinc.

WHERE THE ARTICLES COME FROM.

These articles are contributed by nearly every one of our States. Thus not only the merchants and manufacturers of the sea-board cities are interested in the extension of this commerce, but every producer in the Central and Western States as well. Not long ago the Brazilian Mail Steamship Company traced to its source every article that composed the cargo carried by its steam-ships to Brazil, and the following statement shows the share of each State, in the freights on one southward voyage of the *Finance:*

States.	Per cent.	States.	Per cent.	States.	Per cent.
1. California	0.05	10. Maryland	0.28	19. Pennsylvania	11.35
2. Connecticut	3.00	11. Massachusetts	10.07	20. North Carolina	0.45
3. Delaware	0.28	12. Missouri	4.33	21. South Carolina	0.45
4 Georgia	8.52	13. Michigan	2.21	22. Rhode Island	0.70
5. Illinois	5.31	14. Minnesota	3.12	23. Vermont	0.87
6. Iowa	0.23	15. Maine	0.41	24. Virginia	6.05
7. Indiana	0.28	16. New Jersey	8.24	25. Wisconsin	0.47
8. Kansas	2.75	17. New York	28.56		
9. Louisiana	0.27	18. Ohio	1.75		100.00

ANOTHER CARGO.

The following statement shows the share of each State in another cargo that was carried to Brazil by the *Finance:*

States.	Per cent.	States.	Per cent.	States.	Per cent.
1. California	0.05	10. Michigan	3.00	19. Oregon	0.05
2. Connecticut	7.00	11. Massachusetts	14.00	20. Pennsylvania	20.25
3. Delaware	0.05	12. Minnesota	0.90	21. Rhode Island	2.10
4. Georgia	11.40	13. Missouri	1.85	22 South Carolina	0.65
5. Illinois	2.00	14. Maine	0.10	23. Vermont	0.10
6. Iowa	0.40	15. North Carolina	0.60	24. Virginia	0.50
7. Kansas	0.25	16. New Jersey	4.75	25. Wisconsin	1.75
8. Louisiana	0.25	17. New York	25.75		
9. Maryland	0.25	18. Ohio	2.00		100.00

THE CARGO OF THE ALLIANCE.

The following statement shows the proportion contributed by each State to the total value of the cargo of the steam-ship *Alliance*, which sailed from New York for Brazil on April 2 last:

States.	Value.	States.	Value.	States.	Value.
New York	$74,546.00	Georgia	$5,096.00	Iowa	$807.00
Vermont	96.00	Rhode Island	4,020.00	South Carolina	587.00
Delaware	20,908.00	Michigan	3,732.00	Kentucky	781.00
Illinois	19,331.47	Virginia	3,704.54	Wisconsin	576.00
New Jersey	17,054.40	Maine	2,765.00	California	239.00
Pennsylvania	43,065.00	Minnesota	2,668.00	Dakota	220.00
Connecticut	11,874.00	North Carolina	2,647.00	Texas	162.00
Kansas	11,332.00	Maryland	2,359.00	Nebraska	125.00
Indiana	9,096.00	Mississippi	2,056.00	Alabama	56.00
Massachusetts	7,190.00	Louisiana	2,111.00	Florida	40.00
Ohio	6,230.00	Wyoming	1,800.00		
New Hampshire	6,035.00	Oregon	1,183.00	Total	301,417.41
Missouri	5,773.00	Tennessee	1,150.00		

From the above statement it appears that thirty-six States and Territories participated in the shipment of goods to Brazil by a single steamer, and that cargo was a type of others that are sent regularly. These goods come from the South and Western Territories, from Texas and from Maine, from Delaware and Minnesota, from Dakota as well as Connecticut.

THE ARTICLES CONTRIBUTED BY EACH STATE.

I have before me the manifest of the cargo carried by the steamer *Finance* upon a recent voyage to Brazil, each article of which has been traced to its source. It is impossible within the limits of this paper to give a complete copy of the invoice, but the following sample shipments will show the character of the goods composing the cargo, and the States from which they come:

States.	Articles.	States.	Articles.
California	2 casks of wine.	Maine	15 packages cod-liver oil.
Connecticut	9 cases of cigars.		70 boxes canned fish.
	1 box trunk locks.	Maryland	20 cases canned tomatoes.
	10 cases of kitchen hardware.		185 cases lard.
	1 bundle tubs.	Massachusetts	1 bale blue domestics.
	50 cases of axes.		2 cases of silver-plated ware.
	53 packages clocks.		7 cases metallic cartridges.
	1 case straw goods.		35 cases printing ink.
	22 cases axes.	Michigan	10 cases of furniture.
Delaware	59 packages car material.		6 crates of oars.
Georgia	20 bales brown drills.		1,500 packages white pine shingles.
	42 cases of print drills.		
	44 bales cotton domestics.	Minnesota	410 barrels flour.
	80 cases blue drills.	North Carolina	980 barrels rosin.
	1 barrel sewing-machine oil.		20 barrels spirits turpentine.
	60 cases sheetings.	New Jersey	219 cases sewing machines.
	1 package samples.		1,000 boxes beans.
	10 cases pin checks.	New York	9 barrels kerosene oil.
	30 bales gray sheeting.		2 cases of pumps.
	20 bales duck.		49 packages stoves.
Illinois	32 cases corn shellers.		32 trunks.
	1 case velocipedes.		1 case rowing machines.
	9 bundles wheel plows.		30 cases perfumery.
	1 bundle meat cutters.	Ohio	200 boxes of maizena.
	12 crates stoves.		1 keg oat-meal.
	5 barrels pork.		2 cases cheese.
	17 cases agricultural implements.		18 packages lamps.
			10 cases house-furnishing goods.
	4 cases harrows.	Pennsylvania	7 cases railroad brakes.
Iowa	5 cases plows.		70 barrels kerosene oil.
	18 coils wire.		8 cases lamp chimneys.
	7 kegs staples.		2 cases rubber car-springs.
	90 reels barbed wire.	Rhode Island	4 cases hardware.
	4 bundles fleece dew.	South Carolina	20 cases turpentine.
	79 kegs nails.	Vermont	2 cases of prints.
	1 case wire stretchers.	Virginia	5 bales of tobacco.
	2 cases butts.		2 cases smoking tobacco.
Louisiana	5 bales gray cotton.		40 barrels flour.
Maine	39 barrels pickled fish.	Wisconsin	75 barrels maize flour.
	53 boxes dried fish.		20 barrels rye flour.

And so on, the goods being contributed by nearly every State. It is noticeable in this invoice that most of the cottons come from Georgia, most of the flour from Minnesota, most of the barbed wire from Iowa, most of the agricultural implements from Illinois, and most of the sewing machines from New Jersey.

CARGO OF STEAMER ALLIANCA.

From the invoice of the cargo of the steamer *Alianca* the following notes are taken:

States.	Articles.	States.	Articles.
Alabama	1 case dancing cloth.	Georgia	1,260 cases blue drills.
	1 crate stump pullers.		20 cases white drills.
California	6 cases salmon.		100 cases cotton goods.
	6 cases lobsters.	Illinois	5 crates corn shellers.
	26 cases oysters.		63 packages plow castings.
Dakota	50 bags oats.		41 cases hardware.
	30 bales hay.		300 cases lard.
Connecticut	24 cases sewing machines		80 cases wheel barrows.
	20 cases silver-plated ware		50 cases agricultural implements.
	1 case paper fasteners.		
	1 case self-inking pads.	Indiana	10 crates refrigerators.
	1 case gold pen-holders.		1 box locks.
	27 cases clocks.		87 cases household utensils.
Delaware	5 bundles pump fixtures.		7 cases carpenter's tools.
	4 packages brooms.	Iowa	70 boxes axes.
Florida	2 cases photographic goods.		1 case cut tacks.

States.	Article.	States.	Article.
Iowa	1 case hardware.	New Hampshire	6 cases plaid drills.
	1 case blotting paper.		45 cases bleached sheetings.
Kentucky	3 cases bicycles.		11 cases blue flannels.
	4 cases medicine.	New Jersey	10 cases preserved butter.
	8 packages perfumery.		230 cases medicines.
	80 coils wire.		2 packages patent medicine.
	1 horse (Prince Wilkes).	New York	15 portable forges.
	16 barrels wire tacks.	Missouri	10 packages fans.
	1 package pencils.		10 packages pencils.
Kansas	8 corn shellers.		1 package locks.
	30 cases plows.	Ohio	6 cases wood-working machinery.
	20 feed cutters		10 cases wooden ladders.
Louisiana	15 boxes Sapolio.		36 sewing machines.
	5 cases colored cloth.		12 cases corn shellers.
	10 boxes axes.		4 cases pumps.
Maine	53 cases shrimps.	Oregon	772 pieces white pine.
	16 cases blue sheetings.	Pennsylvania	15 packages horse-car trimmings.
	1,957 pieces white pine.	Rhode Island	68 cases edged tools.
	12 cases cod-liver oil.		10 cases india-rubber goods.
Maryland	30 barrels lard.		1 case silver-plated ware.
	150 tierces lard.	North Carolina	361 barrels rosin.
	2 packages engraving paper.		25 cases gray cotton.
	500 cases lard.	Tennessee	6 cases slippers.
	2 cases shoes.		2 cases pictures.
	20 packages biscuits.		4 packages druggists' sundries.
Massachusetts	4 barrels beans.		3 packages medicine.
	6 cases blue drillings.	Texas	8 packages agricultural implements.
Michigan	21 cases household goods.		1 case photo-cotton.
	24 packages medicine.	Virginia	25 cases manufactured tobacco.
	20 packages furniture.		1 hogshead leaf tobacco.
Minnesota	1 case builders' hardware.		30 barrels corn flour.
	10 cases sandpaper.	Wisconsin	21 cases scales.
	3 cases crayons.		370 bundles staves.
	700 barrels flour.		12 cases carpenters' tools.
Mississippi	1,344 bundles staves.		2 cases builders' hardware.
	490 bundles hoops.		
	10 bundles potato flour.		
Nebraska	1 box notions.		

These cargoes were not selected, but were taken at random, and attempts were made, which were successful in nearly every case, to discover the origin of each article. The result which is given above shows very clearly that every one of the Western and Central States, as well as those of New York and New England, have a local interest in the development of our trade with Brazil. The Southern States, particularly Georgia, which is just now commencing to develop some mechanical industries, have a great deal at stake in this movement to secure enlarged markets. The cotton goods produced at the mills of Georgia and the other States of the South are especially adapted to the trade of South America, and the slightest effort only is necessary to build it up to a profitable magnitude.

III.

HISTORY OF THE INTERNATIONAL CONGRESS.

There have been two attempts to hold an International American Congress. In 1825, during the administration of John Quincy Adams, General Bolivar, who was then President of the United States of Colombia, invited the several American nations to join in a congress to be held at Panama in June, 1826.

President Adams accepted the invitation, and nominated Richard C. Anderson and John Sargent as delegates on the part of the United States, and William B. Rochester as secretary to the mission. The message containing the nominations was referred to the Committeee on Foreign Relations of the Senate, by whom a report was made on the 16th of June, 1826, condemning the mission, and concluding with a resolution declaring it inexpedient for the United States to join the proposed congress.

The report was rejected by the Senate, and on the 14th of March, 1826, the recommedations of the President were adopted by a vote of 24 to 19. On the 21st of April the House of Representatives, by a vote of 133 to 61, passed a bill making appropriations for the mission.

Orders were transmitted to Mr. Anderson, who was then minister to Colombia, to attend the congress, but on his way to Panama he died of a malignant fever. His colleague, Mr. Sargent, found it impossible to attend the congress, and thus the United States was not represented.

The congress was held, however, on June 22, 1826, and continued in session until July, concluding a treaty of friendship with all the American powers who had been invited to join.

The congress adjourned to meet in February, 1827, at Tacubaya, a suburb of the city of Mexico. Mr. Poinsett, United States minister to Mexico, was appointed commissioner to this congress in place of Mr. Anderson (deceased), and Mr. Sargent, his colleague, went to Mexico, but the congress did not assemble, owing to disturbing revolutions in nearly all the countries invited to join.

In 1881, as will be remembered, Mr Blaine sent invitations to the Spanish nations to meet the United States in a similar congress, and they were generally accepted, but, subsequent to the retirement of Mr. Blaine from the Cabinet, the enterprise was abandoned to be renewed

by Mr. Frelinghuysen, his successor in office, through the South American Commission.

THE SOUTH AMERICAN COMMISSION.

The first serious attention given by the Government of the United States to the condition of our longitudinal trade was in 1884, when the Congress passed an act authorizing the President to appoint a commission "to ascertain and report upon the best modes of securing more intimate international and commercial relations between the United States and the several countries of Central and South America."

This commission, before leaving the United States, held public conferences with the merchants of Boston, Baltimore, Philadelphia, New York, New Orleans, and San Francisco, and then proceeded to visit the several capital cities and commercial centers of Central and South America. It was instructed by the Department of State to confer with the proper officials of each of the governments to which it was accredited concerning the advisability of calling such an International American Congress as is to assemble on the 2nd of October next, and, wherever it found a disposition to favor such a gathering, to invite suggestions as to topics to be discussed.

At its official conferences with all of the governments visited, with a single exception, the commission was honored with the presence of the chief executive and his entire cabinet. This exception occurred in Costa Rica, and was due to the fact that the late General Hernandez, then President, was lying upon his death bed. The Primero Designado, or first vice-president, however, appeared as his representative, with full powers.

AN INTERNATIONAL CONGRESS INDORSED.

It should be said, also, that all of the Governments visited cordially indorsed the proposition for an international conference, with the exception of Chili, where the President announced that the subject would be held under advisement. The act of Congress, approved May 24, 1888, under which a call was issued, includes a list of topics suggested or assented to by all of the Governments except Chili. The only topic which had the entire approval of that Government was the sixth, which relates to the adoption of a common silver coin. This proposition met the decided approbation of the President of Chili and his entire cabinet, and there was a unanimous expression of opinion that such a coin would be of immense advantage to all silver-producing States and greatly facilitate commerce, which is embarrassed by the lack of a uniform standard of value.

RESULTS OF THE INVESTIGATION.

The report of the Commission having been made to the Congress of the United States, bills were introduced in both Houses to carry out

its recommendations, passing the Senate unanimously, and the House with very little opposition.

The Commission, also, in obedience to its instructions "to ascertain the best methods of promoting commercial relations between the United States and the several countries of Central and South America," invited conferences with the importing merchants and other business men at all of the principal ports and commercial centers of the countries it visited, and from them gained much information and many suggestions of great value to the merchants and manufacturers of the United States. It is a matter of profound gratification that, with the reports of the Commission, public interest in the extension of our trade with Central and South America was revived and stimulated, and greatly increased exportations to those continents have been the result.

The Commission in its investigations, which were continued for about fourteen months, ascertained and reported to Congress that the obstacles in the way of increased commercial relations between the United States and the several countries of Central and South America were:

OBSTACLES IN THE WAY OF TRADE.

(1) The failure of the manufacturers and merchants of this country to understand and comply with the peculiar requirements of the trade, both in the production of merchandise suitable to the markets and in the preparation and packing of such merchandise for shipment.

(2) The failure of the manufacturers and merchants of the United States to extend to their customers in Central and South America the credits allowed them by European houses.

(3) The lack of banking facilities which makes it necessary to transact all commercial business through the banks of London, and the payment of exorbitant rates of interest and exchange.

(4) The infringement of the patents and the forgery of trade-marks of the American manufacturers, and the manufacture in Europe of bogus and inferior imitations of American merchandise for the purpose of deceiving the people.

(5) The lack of a common system of weights and measures, and a uniform standard of value.

(6) The enormous, and in many cases almost prohibitory, duties charged upon imported merchandise by most of the countries of Central and South America, which, so far as they relate to the peculiar products of the United States, might be removed or considerably reduced by arranging for reciprocal concessions, and under instructions from the Department of State the Commission initiated the negotiation of treaties to this end with several of the Governments it visited.

(7) The complex, and in many cases unreasonable, regulations of the customs service in many of the ports of Central and South America, the practice of imposing exorbitant fines and penalties for uninten-

tional violations of such regulations, and the lack of a uniform and just method of appraising the value of goods imported at these ports.

LACK OF TRANSPORTATION THE FUNDAMENTAL OBSTACLE.

There were several other minor obstacles discovered and reported upon, but the chief and fundamental reason for our lack of trade in the American hemisphere was found to be the absence of facilities for rapid and regular communication and transportation, which is due to the failure of the Government of the United States to afford the same encouragement and assistance to American steam-ship lines that are enjoyed by their European rivals.

It was the conclusion of the Commission, based upon the current testimony of several hundreds of merchants engaged in business upon the three continents, that it is impracticable to attempt to extend our trade in Central and South America as long as the transportation facilities are under the control of our rivals, and the few steam-ship lines between New York and the Latin-American ports are compelled to compete with the heavily subsidized vessels of England, France, Germany, Italy, Holland, and Spain.

The difference in the cost of maintaining and navigating steam-ships under the flag of the United States is so great that our vessel owners are compelled to charge higher rates of transportation than competing foreign lines or abandon the trade entirely. Every American steam-ship that visits a port in Central and South America is required to enter into direct competition with rivals that are not only able to maintain themselves at from 30 to 50 per cent. less cost, but receive generous subsidies from the treasuries of the nations whose flags they carry, to guarantee them against loss, and in many instances it is cheaper to ship merchandise from the ports of the United States via Europe, upon European steamers, than to send them direct upon American steamers. Single competing foreign vessels in many cases receive for every voyage twice and even four times as much compensation for carrying the mails as the entire fleet of an American company is paid for the whole year.

That the expansion of our trade under similar advantages to those enjoyed by our European rivals was not only possible but natural was the irresistible conclusion of the Commission, and it was based upon the unanimous testimony of every merchant with whom it conferred. That we can sell at least as much as we buy in Latin America, if not a much larger amount, was clearly demonstrated, and the desire of the people of the countries visited for closer and enlarged commercial relations with the United States was manifested in an unmistakable manner.

THE COMMERCE OF 1888.

The exports of the Latin American nations, as has been stated, amount to about $500,000,000 annually, and of them the United States in 1888

purchased $181,000,000; England, $61,000,000; France, $90,000,000; and Germany, $30,000,000. Our imports consisted of coffee, $52,000,000; sugar, $50,000,000; tobacco, $18,000,000; rubber, $12,000,000; hides, $11,000,000; flax, jute, and hemp, $5,000,000; drugs, dyes, and chemicals, $4,000,000; wool, $2,500,000, and fruits, $2,500,000.

During the same year England exported to Latin America manufactured merchandise to the value of $116,000,000; France, $75,000,000, and the United States, $71,000,000.

In Mexico* and Central America we sold goods to the value of $14,300,000, and purchased goods to the value of $25,100,000. In South America we sold $29,000,000 and bought $85,000,000. In the West Indies we sold $27,000,000 and bought $71,000,000.

Of our purchases in all Spanish America $97,853,000 were brought in foreign vessels, and $77,376,000 in American vessels. Of our sales $28,000,000 (and this statement embraces only such merchandise as is carried by sea) were sent in foreign vessels, and $40,000,000 in American vessels.

ANALYSIS OF THE CARRYING TRADE.

An analysis of the carrying trade between the United States and Latin America is very interesting. With Mexico, the West Indies, Central America, Venezuela, and Brazil we have direct steam-ship communication.

Of our exports to Mexico $5,100,000 were sent in American vessels, while only $1,849,000 were sent in foreign vessels. Of our imports from Mexico $6,667,000 were brought in American and $4,832,000 in foreign vessels.

Of our exports to Central America $3,027,000 were sent in American vessels, and $1,564,000 in foreign vessels. Of our imports from Central America $4,947,000 were brought in American and $2,859,000 in foreign vessels.

Of our exports to the West Indies $15,649,000 were sent in American and $12,219,000 in foreign vessels, and of our imports from the West Indies $37,015,000 were brought in American and $34,550,000 in foreign. But ten millions and a half of our imports from the British West Indies came in English, while only $2,082,000 came in American vessels.

Of our imports from Brazil $10,000,000 came in American and $43,000,000 in foreign vessels.

Of our imports from Venezuela $9,384,000 came in American and only $667,000 in foreign vessels, and of our exports $2,635,000 were sent in American and only $402,000 in foreign vessels.

Of our entire imports from South America $28,745,000 came in American and $55,610,000 in foreign vessels, and of our shipments thither $16,432,000 were sent in American and $13,147,000 in foreign vessels.

* The statistics of our trade with Mexico are very defective.

AN INCREASE IN OUR TRADE.

There has been some increase in our commerce with Latin America within the last twenty years, notwithstanding the disadvantages under which our merchants have labored, even if it has not kept up with our national development in other directions, as the following comparative table for 1868 and 1888 will show:

Countries.	Exports.		Imports.		Total imports and exports.	
	1868.	1888.	1868.	1888.	1868.	1888.
	Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*
Mexico	6,441,339	9,897,772	1,590,667	17,329,889	8,632,006	27,227,661
Central American States and British Honduras	646,347	4,592,080	1,271,351	7,807,013	1,917,698	12,399,093
THE WEST INDIES.						
Cuba	14,675,697	10,053,560	49,774,704	49,319,087	64,450,401	59,372,647
British West Indies	6,742,381	7,611,533	2,765,116	12,550,940	9,507,497	20,162,473
Porto Rico	2,547,536	1,969,618	6,345,639	4,412,483	8,893,175	6,382,101
Hayti	3,247,500	4,617,125	753,866	2,918,820	4,001,366	7,535,945
San Domingo	66,201	817,707	83,363	1,459,392	149,564	2,277,099
French West Indies	913,121	1,603,827	218,953	116,890	1,132,074	1,720,717
Dutch West Indies	507,832	583,593	289,573	388,834	797,405	972,427
Danish West Indies	1,170,996	612,139	573,004	399,220	1,744,000	1,011,359
Swedish West Indies	29,699	.....	2,136	.....	31,835	.....
Total	29,900,963	27,869,102	60,806,354	71,565,666	90,707,317	99,434,768
SOUTH AMERICA.						
Brazil	5,695,404	7,137,008	23,595,740	53,710,234	29,291,144	60,847,242
United States of Colombia	3,711,796	5,023,880	2,538,297	4,393,258	6,250,093	9,417,138
Venezuela	961,262	3,038,515	2,368,977	10,051,250	3,330,239	13,089,765
Argentine Republic	2,732,600	6,643,553	4,806,299	5,902,159	7,538,899	12,545,712
Uruguay	821,006	1,459,332	1,179,520	2,711,521	2,000,526	4,170,853
Chili	1,580,999	2,433,221	951,767	2,894,520	2,532,766	5,327,741
British Guiana	1,945,568	1,717,411	2,364,682	2,822,382	4,31[illegible],250	4,539,793
Peru	1,666,355	870,171	1,765,397	309,040	3,431,752	1,179,211
Dutch Guiana	465,523	266,245	422,581	430,983	888,104	697,228
French Guiana	36,986	146,757	15,477	12,424	52,463	159,181
All other South America	8,264	843,134	2,366	1,118,627	10,630	1,961,761
Total	19,625,763	29,579,227	40,011,103	84,356,398	59,636,866	113,935,625
Grand total	56,614,412	71,938,181	103,679,475	181,058,966	160,293,887	252,997,147

GREAT BRITAIN, FRANCE, AND THE UNITED STATES COMPARED.

The following statement shows the character of the principal articles of merchandise purchased by the people of Central and South America, and the sources from which they come:

Articles.	From the United States.	From Great Britain.	From France.
Agricultural implements	$1,055,000	.....	.....
Breadstuffs	7,363,000	.....	.....
Candles	64,000	$197,000	$32,000
Carriages, carts, and horse-cars	763,000	1,469,000	41,000
Chemicals, drugs, and dyes	1,417,000	1,181,000	1,391,000
Coal	793,000	4,005,000	318,000
Cotton goods	4,548,000	4[illegible],485,000	4,202,000
Earthen and china ware	213,000	1,450,000	841,000
Fancy articles	337,000	.....	3,269,000
Fish	444,000	.....	386,000
Flax and hemp, manufactures of	785,000	6,511,000	.....
Gunpowder and other explosives	479,000	.....	125,000
India rubber, manufactures of	94,000	456,000	.....
Iron and steel	7,509,000	21,774,000	2,349,000
Jewelry, gold and silver	127,000	.....	1,317,000
Leather goods	1,507,000	1,766,000	5,168,000
Live animals	454,000	730,000	.....
Musical instruments	38,000	.....	95,000
Malt liquors	251,000	366,000	.....
Oils	2,204,000	.....	.....
Paints	62,000	762,000	98,000
Paper and stationery	633,000	564,000	1,389,000
Provisions and dairy products	5,695,000	252,000	1,401,000
Silk goods	35,000	292,000	525,000
Soap	165,000	15,000	.....
Spirits, distilled	84,000	.....	878,000
Sugar, refined	397,000	.....	1,419,000
Tobacco, manufactures of	281,000	.....	.....
Watches	6,000	.....	6,000
Wearing apparel	.....	1,615,000	5,758,000
Wines	93,000	.....	11,689,000
Woods, manufactures of	6,720,000	.....	920,000
Woolen goods	89,000	9,995,000	7,894,000

NOTE.—The returns from Great Britain and France are for the calendar year of 1888, and from the United States for the fiscal year ending June 30, 1889.

Germany exported fancy articles to the amount of $1,857; iron and steel, $1,322,000; chemicals, drugs, and dyes, $355,000; leather goods, $484,000; silk goods, $274,000; wearing apparel, $273,000, and woolen goods, $1,304,000.

Spain exported breadstuffs to the amount of $1,500,000; cotton manufactures, $2,161,000; fancy articles, $55,000; leather goods, $2,923,000; paper and stationery, $739,000; soaps, $885,000, and wine, $8,264,000.

THE OPINION OF AN EXPERT.

Mr. William H. T. Hughes, of New York, who is one of the best informed as well as one of the most enterprising men engaged in the Spanish-American trade, says:

My whole scheme rests upon the fundamental facts that our merchants and manufacturers, and especially the latter, desire to enlarge the outlet for the products of their factories in the foreign markets; that they have that desire because they are already producing in excess of the requirements of the home markets; and, moreover, that they are willing and ready to take such steps as may lead them to the attainment of that object. Do not statistics and trade reports show that, with very

rare exceptions, our producers are either carrying a larger stock of their goods than is needed to supply the domestic markets or running their establishments on short time in order to avoid a glut? Again, do we not hear from all the great industrial centers of the country clear and unmistakable voices expressive of the want of wider markets in order to enable the manufacturers to employ to their fullest extent the great producing forces at their command. Does not this show that they are not satisfied? Undoubtedly, because it does not pay them to run on short time.

It may, however, be urged that these are mere general statements. So they are, and I offer them as such. It is not difficult to supply evidence in support of their correctness. Any one wishing to ascertain the truth they contain can easily do so by devoting a little time to examination of sundry publications representing each branch of trade. In a short article of this kind I can not enter into details.

Now, taking for granted that we do want that foreign trade, the next question in order is, how to get it. As a practical business man, and being unfamiliar with the fine and delicate doctrines of political economy, in attempting to answer the question I had necessarily to be guided by what my observations and experience have taught me. Whether these have enabled me to suggest such means as will preserve me from the danger of running against snags, of course I can not say. I hope, however, that there will be ample time for counsel and advice when the snag does appear, and even for compromise among the commanders of our fleet, such as may enable us safely to navigate and avoid the peril of shipwreck. I therefore had no hesitation in stating such means as I considered most conducive to the attainment of the object in view.

They were plainly and simply the following:

First. To admit free the raw material needed by our manufacturers produced in countries south of us that are willing to admit our products and manufactures free in return; or, in other words, to make a fair trade with any country that is willing to give us a fair trade in return.

Second. To establish frequent, regular, and cheap steam communication.

Third. To establish banking facilities.

Now, as to steam communication, it is a saying as trite as it is true that commerce always follows the flag. Now, then, if we want foreign trade we must have steamers flying our colors, and they must be as good as those of our European competitors. Can we have them without Government aid—in plain terms, without subsidies? Everybody familiar with the subject knows that we can not compete with the Europeans, not as it is commonly supposed, because it costs us more to build the ships or to run them. No; that is not the main difficulty. The true, real difficulty lies in that the European lines are subsidized.

I do not know whether this is protection or free trade. I simply know that it is the fact, and I am to-day running American steamships in competition with a line subsidized by the Spanish Government, and unless our steamship lines are placed on the same footing competition is out of the question. Why can not our Government adopt the same policy pursued by the English, the French, and the Germans, and subsidize such steamers as may be built in conformity with the requirements necessary to turn them into commerce destroyers in case of emergency? Would not this be a more economical policy than the building and maintaining of a large fleet of special cruisers?

In regard to banking facilities, I can now say that since presenting my plan to the Business Men's Republican Association I have been informed by gentlemen fully competent and able to carry out the project that if the required steam-ship lines are established they would, without any Government guaranty, take charge of founding such banking institutions as may be needed, thus doing away with the necessity of Government support.

IV.

THE COMMERCE OF MEXICO.

The statistics of our trade with Mexico are very defective, and represent only the amount carried on by water. There is a large amount of merchandise shipped annually across the border by the several railroads which can not be included because there is no law authorizing the collection of statistics concerning transportation in cars.

But the total annual commerce of the country amounts to about seventy million dollars, of which forty millions are exports and thirty millions are imports. The United States is the largest purchaser of Mexican products and the largest contributor to her imports, as the following statement of the trade of 1888 will show:—

EXPORTS FROM MEXICO.

Articles.	To the United States, 1888.	To Great Britain, 1887.	To France, 1887.	To Germany, 1886.	To Spain 1888.
Chemicals, drugs, and dyes	$1, 268, 554	$418, 036	$90, 418	$4, 284	$24, 256
Coffee	2, 111, 130	1, 796	329, 626	17, 612	18, 602
Copper ore	10, 929	.....	.....	.....	.....
Flax, hemp, jute, and other vegetable substances	5, 239, 432	277, 751	176, 276	12, 614	23, 144
Hides and skins	1, 562, 008	.....	.....	8, 806	57, 146
Honey	(a)	.....	.....	.....	.....
Silver ore	4, 803, 667	251, 180	55, 948	b1, 471, 554	.....
Sugar	14, 653	99, 559	.....	.....	.....
Tobacco, and manufactures of:					
Leaf	7, 278	.....	37, 474	476	.....
Manufactures of	13, 029	275, 965	81, 482	1, 190	.....
Wood, and manufactures of	539, 007	812, 812	676, 871	262, 752	.....
All other articles	1, 760, 202	169, 734	91, 962	9, 044	17, 404
Total	17, 329, 889	2, 306, 833	1, 540, 063	c1, 788, 332	140, 552

The exports of Mexico are limited because of the scarcity of labor and capital to develop her natural resources. The productive capacity of that republic is unmeasured. If the same energy, industry, and skill that has developed Kansas, Nebraska, Dakota, and other parts of our great West were directed to the sugar and coffee lands of Mexico, they would produce enough to supply the whole world. But now Mexico imports refined sugar, and ships only about $2,500,000 worth of coffee a year.

The Government is making efforts to secure immigration, in order that its lands may be tilled. A bounty of $25 per capita is paid to

steam ship lines that bring immigrants, and recently a contract has been concluded with an English company to run steam-ships between the Pacific ports and the Chinese Empire, for the purpose of transporting coolies to be employed on the plantations. A treaty has been concluded with the Chinese Government under which the immigrants are guaranteed protection.

THE IMPORTS OF MEXICO.

The imports of Mexico come mostly from the United States. The reports of the Bureau of Statistics for the year 1888 show a total of $9,242,188, but this should be increased by at least six million dollars in order to cover shipments by railway, which would bring the total value of merchandise purchased in the United States up to fifteen or sixteen millions of dollars.

The articles shipped to Mexico are of an almost infinite variety and embrace examples of nearly every product of our mechanical industries, with a considerable amount of breadstuffs, provisions, and raw cotton. The following tabular statement giving the amounts of merchandise imported by steamer from the United States in 1888, compared with the imports from Great Britain in 1887, and from France, Germany, and Spain in 1866, will show the character of the trade:

Articles.	From the United States.	From the United Kingdom.	From France	From Germany.	From Spain.
Agricultural implements	$25,365				
Animals	427,296				
Breadstuffs	345,048				
Candles	21,544		$17,137		
Chemicals, drugs, dyes, and medicines	264,987	$128,588	225,677	$160,650	$47,284
Coal	149,635	105,905	318,067		
Cotton, manufacturers of	1,036,462	2,574,802		185,402	
Earthen, china, and glass ware	87,478		106,250	17,850	
Fancy articles	32,576		422,241	138,754	21,822
Fish	33,918				
Flax, hemp, and jute, manufactures of	50,179	437,216		31,416	
Gunpowder and other explosives	264,875				
India rubber and gutta-percha, manufactures of	41,413	133,410		4,284	
Instruments and apparatus for scientific purposes	67,970			41,888	
Iron and steel, and manufactures of	1,946,948	1,050,804	149,382	57,596	79,566
Jewelry, and manufactures of gold and and silver			316,990		
Leather, and manufactures of	85,144		359,918	53,788	
Malt liquors	144,774				
Musical instruments	23,945				
Oils:					
Mineral, refined	175,537				
All other	147,756			714	
Paper and stationery	123,226		229,040	6,188	a268,501
Provisions, comprising meat and dairy products	390,425				91,843
Quicksilver	256,357		64		41,814
Silk, manufactures of	2,658	17,232	62,607	16,660	
Spirits, distilled	19,648		93,082		63,953
Sugar, refined	58,123				
Tobacco, leaf	92,561				
Watches	4,887		5,589		
Wearing apparel	(a)	32,391	430,091	17,136	
Wine	32,255		473,040		317,024
Wood, and manufactures of	1,280,126			6,188	
Wool, manufactures of	39,543	577,615	758,426	159,222	
All other articles	1,569,509	327,350	489,649	62,594	112,003
Total	9,242,188	5,385,313	4,457,250	b960,330	1,648,810

THE COTTON TRADE.

Mexico manufactures a good deal of cotton and imports over two million dollars' worth of the raw material from the United States annually. There are large mills at Queretaro, that historic city where Maximillian was captured and shot, and most of the raw cotton reaches them from Texas by way of the Mexican Central and Mexican National Railroads.

But our trade in cottons might be very much increased if the manufacturers of the United States would study the peculiar demands of the market, and comply with them. The Mexican people want a cheaper grade of drillings, sheetings, denims, and other fabrics than are called for in our domestic markets, and purchase them in England because they can not be bought in the United States. If our manufacturers desire this trade they must send competent men to Mexico to make a careful study of the whims and the peculiarities of the people. The disposition of the French and Germans is to gratify the local taste, while the manufacturers of the United States attempt to force upon the market goods that are popular at home, but are not suited to foreign buyers.

Another reason why our trade is not larger is that the commission men are not careful in filling orders. They will send what they happen to have in stock, while the Mexican importer wants only what he calls for; and as a usual thing goods sent from this country are indifferently packed. Nearly all the interior transportation of Mexico is done by men or mules, and packages have to be arranged in bulk and weight so as to meet this requirement. Another important consideration is that custom duties are levied upon the gross weight of the package, and the importers do not care to pay duty upon a lot of heavy pine boards and nails, and the waste that is often put in to fill up. All European goods come into the country packed so as to economize weight, and in a form that make them convenient for loading upon the backs of mules or cargadores, as well as lessens the duty.

THE CUSTOMS REGULATIONS.

But the chief obstacle in the way of an increased trade with Mexico is the annoying and oppressive regulations imposed at the custom-houses, particularly on the Rio Grande, which are intended to prevent smuggling, but practically prohibit trade, as the fines imposed for their unintentional violation eat up the profits on the sales.

The attention of the Mexican Government has been repeatedly called to these complaints, and promises have been made of a reformation, but very little improvement is noticed. President Diaz, Minister Romero, and other officials recognize the embarrassment to trade in this particular, but insist that stringent regulations are necessary to prevent smuggling.

Many people believe that the day will come when there will be no custom-houses on the Rio Grande, when our trade with Mexico will be as free as between the States of the Union. The United States can well afford to enter into a convention on this basis, and the commercial treaty between the two countries—which, unfortunately, has not been carried into effect because of the failure of our Congress to enact the necessary legislation—was a step in that direction.

As far as revenue is concerned, the loss to the United States would be a mere trifle, the total amount of duties collected on goods imported from Mexico being only about $500,000 annually. But with Mexico the loss of revenue would be a more serious consideration.

If cotton goods were admitted into Mexico free of duty the revenues of the Government would be curtailed to such an amount as to make such a concession impossible, as the duty on them alone varies from 120 to 180 per cent., and the amount collected reaches from $12,000,000 to $15,000,000 a year; and the cotton mills of Mexico need the protection of this duty to exist.

MEXICAN SUGAR AND COFFEE.

But Mexico could afford to surrender the customs receipts on other articles imported from the United States as a consideration for the consumption of her sugar and coffee in this country. As every one familiar with the subject knows, the Mexican coffee is superior to that produced in Brazil, her sugar is as good as that of the West Indies, and her capacity for the production of these articles is practically unlimited. It would be many years, however, before her planters could supply more than a small portion of the sugar and coffee required by this country. We consume about 3,000,000,000 pounds of sugar, while Mexico does not now produce much more than enough to supply her home demand.

To introduce Mexican sugar free into this country, in exchange for a removal of her duties upon our manufactured merchandise (except cottons), would stimulate the planters of that Republic, as it would stimulate the mechanical industries of this. It would increase our flour market in a decided degree, by placing wheat flour within the reach of the common people of Mexico who are now prohibited from purchasing it because of the excessive duty, and would extend the sale of nearly every article we produce for export.

The Mexican Government and the people will do anything in their power to encourage the adoption of a common silver coin for circulation through the several American nations. The Mexican dollar is found in great quantities throughout both continents south of us, and at many places is accepted as a standard of value.

V.

THE COMMERCE OF CENTRAL AMERICA.

The foreign commerce of the five Central American Republics varies from thirty-six to forty millions a year, the exports being twenty-one or twenty-two millions, and the imports from fifteen to eighteen millions, distributed as follows:

Countries.	Imports.	Exports.	Total.
Guatemala	$3, 600. 000	$6, 750, 000	$10, 350. 000
Honduras	1, 500, 000	1, 600, 000	3, 100, 000
San Salvador	3, 750, 000	6, 000, 000	9, 750, 000
Nicaragua	2, 800, 000	2, 800, 000	5, 600, 000
Costa Rica	3, 500, 000	3, 500, 000	7, 0 0, 000
British Honduras	1, 250, 000	1, 250, 000	2, 500, 000
Total	16, 400, 000	21, 900, 000	38, 300, 000

The exports of the Central American States consist of coffee, reaching a value of eleven or twelve million dollars annually (more than half the entire quantity), cocoa, sugar, hides, mahogany and other fine woods, chemicals, drugs and dye-woods, silver bullion, rubber, and a variety of other products of the soil and forest. In 1888 the exports from Central America to the United States were valued at $7,623,338; to Great Britain, $6,526,833, and to France, $2,127,654.

The imports of the Central American countries are sent chiefly from the United States, with the exception of cotton goods in which England enjoys almost a monopoly for the same reasons mentioned in the preceding chapter as existing in Mexico. The cotton manufacturers in the United States will not furnish the merchants engaged in trade with Central and South America the sorts of goods that are demanded by that market. Their fabrics are too good, are not cut in proper lengths, and are not economically packed.

THE GREAT VARIETY OF IMPORTS.

The great variety of articles entering into the Central American trade is shown by the following table, in which the trade of the United States and Great Britain in 1888 is compared:

Articles.	From the United States.	From Great Britain.
Breadstuffs	$821, 318	.....
Candles	14, 061	$28, 707
Cotton, manufactures of	446, 800	3, 103, 285
Chemicals, drugs, dyes, and medicines	217, 135	35, 311
Earthen, china, and glassware	33, 114	17, 826
Fancy articles	40, 287	.....
Flax, hemp, and jute, manufactures of	48, 131	131, 517
Fish	15, 570	.....
Fruits	21, 324	.....
Gunpowder and other explosives	160, 748	.....
Iron and steel, and manufactures of	879, 020	676, 906
Jewelry, and manufactures of gold and silver	8, 416	.....
Leather, and manufactures of	59, 829	24, 391
Oils, vegetable	9, 414	.....
Paper and stationery	54, 611	.....
Provisions, comprising meat and dairy products	265, 878	.....
Silk, manufactures of	3, 107	37, 112
Soap	19, 865	14, 594
Spirits, distilled	29, 758	.....
Sugar, refined	39, 451	.....
Wearing apparel	(b)	106, 270
Wine	46, 570	.....
Wood, and manufactures of	205, 160	.....
Wool, manufactures of	18, 035	204, 203
All other articles	733, 977	328, 280
Total	4, 131, 574	4, 708, 462

RECIPROCITY TREATIES.

Each of the Central American countries would willingly enter into reciprocity treaties with the United States similar to that negotiated several years ago with Mexico, provided there would be any assurance of the ratification of such treaties by our Congress. They would consent to the free admission into their ports of our peculiar products, such as breadstuffs, provisions, lumber, furniture, and refined petroleum, provided we removed the duties of the sugar we import from them. The difference in distance, the high rates of freight, and the cost of labor make it impossible for the planters of Central America to compete with those of Cuba, Trinidad, and the Guiana colonies, where slaves and coolies are employed, and such a trade would be regarded as a welcome stimulant to other depressed agricultural industries.

PROPOSED TREATY WITH GUATEMALA.

As is the case in nearly every other Spanish-American country, the exorbitant duties charged upon flour and other necessaries of life render their consumption impossible by the great masses of the people, and ordinary white bread is as great a luxury among them as cake or wine. During the recent visit of the South American Commission to Guate-

mala they held a conference with the Government there, represented by the late President Barrios, Mr. Fernando Cruz, his secretary of state, and Mr. Sanchez, minister of finance, who consented to enter into a treaty under which Guatemala would admit free of duty mineral coal, raw cotton, refined petroleum, wooden furniture, flour, agricultural implements, cured and preserved meats, fruits and vegetables, dressed lumber, woolen goods of all kinds, hardware of all kinds, lime for building purposes, tiles made of clay, salt, live stock of every kind, material for coffee-sacks, provisions, lard, and such other articles as enter into the domestic economy, provided sugar and tobacco from Guatemala were admitted free into the United States.

These products are not produced in Guatemala or any of the other States of Central America to any very considerable extent, and refined sugar is now imported into Guatemala from the United States, little or none being manufactured there. Were a market opened in this country for the sugar of Central America there would be in a few years an immense development of the sugar interest on that continent. The cane grows vigorously, and produces a very large percentage of saccharine matter, it being much more profitable than other products of the five little republics. Before any great amount of it can be raised for export, however, it would be necessary to import capital and labor, because both are scarce.

Whether the tobacco interest would be likely to augment in the same proportion is a question, and it is doubtful whether the product would ever come in competition with that of Havana.

ENORMOUS FREIGHT CHARGES.

What is said of Guatemala will apply to every other one of the Central American States. The greatest obtacles in the way of an increased trade with Central America are the enormous freight charges, which make the cost of everything imported very high, especially when the duty, which is usually from 50 to 300 per cent., is added. But there are no discriminations. No matter where the goods come from they are taxed alike, and the merchants of the United States have no greater advantage than those of Europe.

The lack of knowledge on the part of our merchants and manufacturers of the wants of the market, and their disinclination to comply with them, stands in marked contrast with the assiduity with which European merchants and manufacturers cultivate trade, and endeavor to cater to the tastes and wants of the people, and also the favorable terms which they are willing to give purchasers. The indifference of the merchants of the United States in packing goods for shipment is also a great cause for complaint, and their carelessness is a constant and serious source of injury and loss to the importer, and one of which their European rivals are not guilty.

THE OPINION OF AN EXPERT.

Mr. J. M. Munoz, of New York, who has been engaged in trade with Central America for the last twenty-eight years, makes a very valuable contribution to the information gained from other sources regarding our trade with that continent, and says:

The exports from the United States to all the Central American countries consist of natural products, such as lumber, flour, corn meal, hog and dairy products, canned meats, fruits and vegetables, refined petroleum, rosin, pitch, tar, and turpentine, and manufactured tobacco. There are also imported, in greater or less quantities, manufactured goods, such as sewing-machines, silver-plated ware, glassware and crockery, watches and inferior jewelry, paints, oils, agricultural implements, tools of all kinds, drugs, gunpowder, trunks, paper, mining machinery, carriages, carts and harness, furniture, rubber goods, barbed wire, general hardware, boots and shoes, cotton prints and white goods, leather goods, railway cars and locomotives, river boats, notions, etc.

The manufactured goods and implements are generally made in the eastern sea-board States—Massachusetts, Connecticut, New York, Pennsylvania, New Jersey, and Delaware; and Maryland, Virginia, and Kentucky furnish the tobacco. Within the last few years some of the Western States, such as Ohio, Missouri, and Illinois have begun to reach out for the export trade in such articles as furniture, carriages, agricultural and other implements, hardware, canned goods, and meats.

WHY OUR COMMERCE IS SO SMALL.

There has been a marked increase in our commerce with the Central American States within the last twenty years, due principally to the increase of population and the progress in material development of those countries. Within that period, nevertheless, many lines of merchandise have fallen off in exports, principally manufactured articles, such as agricultural implements, tools, hardware, furniture, shoes, cotton fabrics, paper, etc. This falling off can be clearly traced to the cheaper cost of the European manufacturers of the same class competing in the same markets. It is undoubtedly true that the American products as a rule are superior in material, workmanship, and finish, but these very qualities which make their superiority over their European rivals increase their cost and value.

The general fact stands out that the American goods, as a rule, are manufactured for use principally in this country, where the consumer is richer, more appreciative and exacting as to intrinsic value, fine finish, and material, and are made under conditions that enable the manufacturers to disregard foreign competition in catering to the taste and appreciation in those qualities by his principal consumers. But when these really superior articles and manufactures are offered in the Spanish American markets, where the consumers as a rule are poor, unappreciative of their intrinsic superiority, and whose only desire and study is to fill their wants at the most moderate cost, the competition offered by the same articles of English, French, and German make becomes irresistible, and the American article finds but a limited consumption. The European manufacturer, in his constant struggles with his competitors for the supply of consuming markets, has reduced cheapness in material and make to a science, which enables him to take and hold the lion's share of the trade. It is true that American genius and mechanical ingenuity overcomes in great part the cheaper labor and materials of the European competitor, but up to now the conditions at home are not calculated, in my opinion, to realize the aspirations to compete successfully in foreign markets.

In connection with this subject of the increase in our commerce with the Central

American States, I may mention the gratifying fact that Costa Rica has so much increased her trade with this country that the secretary of the treasury and commerce in his recently issued report to Congress for last year calls attention to this remarkable increase in these words:

"I have already in previous report pointed out that the commerce of importation with the United States of North America was increasing from year to year. In 1888 it has exceeded the business done with England in more than $100,000, and the advantages which that market offer to our country, once direct communication is established from Port Limon to the interior (alluding to the completion of the railroad now being built), it will cause a yearly increase in our relations with the great Republic."

HOW OUR IMPORTS ARE PAID FOR.

During the last six or eight years the exports to Central and Spanish America have been paid for principally in produce imported from those countries. Fifteen or twenty years ago the method was different. Then our importations from those countries were comparatively limited, and payment for our exports were effected in drafts or credits on London. At that time drafts on the United States were so difficult of sale that commission merchants in this country were compelled to provide credits on London houses to their clients to pay for the produce shipped to this country and the balance of trade against us. Now the greater part of these covering operations are made in drafts on this country, and it is even becoming of frequent occurrence that drafts on the United States are sent by merchants direct from Central America to European houses in London, France, and Germany to pay for goods imported from those countries. Europe undoubtedly gets the benefit of the large balances against us in our trade with Spanish American States, as she is by far the heaviest customer in supplying their needs as in consuming their products.

TRANSPORTATION FACILITIES.

The transportation between the United States and the countries mentioned is furnished both by steam and sail. By steam are carried the more valuable merchandise; by sail, the cheapest, such as kerosene, lumber, pitch, tar, ice, etc. I should say the proportion carried in American vessels from this country exceeds that carried in foreign bottoms. There are but few "tramps" in the trade, the bulk of it being carried by regular lines, English and American.

The subsidized foreign lines of steamers to ports of Central America, Venezuela, Colombia, Ecuador, etc., are the English Royal Mail Steamship Company, the Pacific Steam Navigation Company, the French Compagnie General Transatlantic, the German Hamburg American, and the Spanish Compania Transatlantica. I have not the data at hand to be precise in the amounts of the subsidies, but they are very heavy, as you are doubtless aware. There are also other English lines, such as the Atlas Company, that receive subsidies for carrying the mails from some of the British colonies, notably Jamaica. The heavy subsidies to these lines enable them to carry the merchandise and produce to and from those States and Europe at a much cheaper rate in proportion to distances than the American lines can do it for, to and from our ports.

DIFFERENCE IN FREIGHT RATES.

The difference in the rates of freight are about as follows: The Royal Mail Company, the French or German companies, will give through bills of lading for coffee or produce from any of the Pacific ports of Central America, in connection with the American Pacific Mail, Central America lines to Panama, and the Panama Railroad over the Isthmus, say a total distance from the shipping to the landing ports of between 6,900 to 7,100 miles of navigation, for the freight rate of £4 10s. to £5 per ton

weight, say from $21.80 to $24.25 of our money. But when it comes to shipping the same article to New York, a distance from port to port of only about 3,000 or 3,500 miles, with the same transfers to Aspinwall by the same carriers, and thence by the Pacific Mail steamers to New York, the rates of freight charged on the same produce are an average of one cent to one and a quarter cents per hundred, or at the rate of $22.40 to $28 per ton weight. About the same proportions in the rates of freight exist on merchandise shipped from the European ports to the Pacific Central American ports, and rates on merchandise from New York to the same Central American ports.

CUSTOMS DUTIES IN CENTRAL AMERICA.

The tariff on American staples in the different Central and Spanish American countries varies from 50 per cent. to 80 per cent. ad valorem, and the duties collected on imports constitute the principal source of revenue in all of them. Outside of the sugar growing countries it is more than doubtful if the removal by the United States of the duties on sugar, of which they barely produce enough for their local consumption, would be to them of any practical benefit whatever, financially or commercially. As the principal staple products of those republics, such as coffee, cocoa, hides, skins, indigo, india rubber, etc., are duty free here, and no amount of reduction in the duties upon sugar here would be of any advantage in stimulating the production of the article in those countries in any very sensible degree, owing to adverse labor conditions, I am fully convinced that those governments would consider it neither profitable nor desirable to enter into reciprocity treaties with the United States that would result in depriving them of an important portion of their revenues without any equivalent advantage. Apart from these considerations, I am led to believe that the several Spanish-American States have treaties with European powers containing the favored-nation clause, which would render it difficult to make any discrimination in favor of the United States products.

COINAGE AND CURRENCY.

I am not prepared to give any definite opinion as to the practicability of the adop tion of a common silver coin, to be a legal tender between the United States and Spanish-American countries.

It is impossible for me to say what amount of paper money has been issued in those countries during the last ten years. With the exception of Colombia and Costa Rica, not much, if any, has been issued. I believe as a rule the interior indebtedness of those countries have taken the shape of debentures or obligations bearing interest, not that of treasury notes, like our greenbacks. In Colombia considerable issue of irredeemable paper money, and of a depreciated silver coin of 500 fineness, has been resorted to by the Government to cover its necessities. The result in that country has been a heavy rise in the premium of exchange and of gold and silver, amounting from 190 to 225 per cent. Besides the paper and spurious silver currencies, that country has been further flooded by heavy issues of nickel small coins, all of which has been working very serious evils upon the foreign commerce of the country. Costa Rica has also, within the last three or four years, entered upon the road of paper-money issues, through one of its banks, but in neither case could I say what amount has been issued.

In the Central American, Ecuadorian, and Colombian ports, the custom-house regulations and methods of appraisement although exacting, are not usually embarrassing nor unjust to the merchants. Not so with the regulations, fines, and penalties, of the Venezuelan customs which are, many of them, arbitrary and unjust, highly embarrassing and confusing to merchants and shippers. It would undoubtedly be to the advantage and relief of the exporters of the United States if some of the most unjust and objectionable should be modified and simplified.

SUBSIDIES PAID BY CENTRAL AMERICA.

All of the Central American countries are under contract to pay the Pacific Mail Steam-ship Company of the United States the following amounts respectively for carrying the mails between their ports:

Countries.	Per year.
Costa Rica	$12,000
Nicaragua	6,000
Honduras	5,000
Salvador	24,000
Guatemala	24,000

VI.

THE COMMERCE OF COLOMBIA.

The normal commerce of the Republic of Colombia is about thirty millions of dollars, and the exports and imports are usually about equal. But since work was commenced upon the Panam a Canal there has been an enormous increase in the value of merchandise shipped both from Europe and the United States to the port of Aspinwall. This trade, however, is but temporary, and the statistical reports for the current year will show a large falling off.

The exports from Colombia, which vary annually from thirteen to sixteen millions, consist chiefly of coffee, cocoa, hides, fruits, and nuts, rubber and chemicals, drugs and dyes. Most of the cocoa goes to the chocolate manufacturers of France, and the same country takes two-thirds of the coffee crop, the total exports to that country reaching nearly five million. We buy nearly two million dollars worth of Colombia's coffee, and take most of her hides and skins, the total of our imports reaching $4,300,000.

The exports to England from that country are comparatively small, averaging only about $1,500,000 annually, but the imports of Colombia from England in 1888 reached $5,673,000, and consisted, as is the case with Venezuela and other South American countries, chiefly of cotton goods ($3,166,992) which the manufacturers of the United States might sell there if they would study the markets and comply with the tastes of the people. France sends a large quantity of wearing apparel, boots and shoes, wines, woolen fabrics, and fancy articles; her exports in 1888 were more than seven millions, but there will be a serious falling off now that work upon the Panama Canal has been suspended.

THE MERCHANDISE SHIPPED TO COLOMBIA.

A very large variety of articles is shipped to Colombia from the United States. The people get all their breadstuffs and provisions here; we surpass both England, France, and Germany in our exports of iron and steel, and sell a large quantity of furniture, for the woods of that country being hard and heavy are not adapted either to household articles or to building purposes. We can supply nearly every article

needed in Colombia at prices quite as low and in quality equal, if not superior, to those imported from England, and the extension of our trade in that direction rests almost solely upon the enterprise of our merchants and the extension of our transportation facilities.

There is not an article that we import from Colombia taxed in our custom-houses. Some sugar is produced in the country, but not for export, and we have little to offer in exchange for a removal of duties upon the articles she imports from us. The financial condition of the country also is such that the Government could ill afford to deprive itself of any sources of revenue. The prices of all articles are high, and the Government is compelled to tax the necessaries of life as well as the luxuries to sustain itself.

WHERE OUR EXPORTS COME FROM.

The commodities taken by Colombia are so varied that all sections of our country contribute more or less to supply them. The provisions and breadstuffs we ship there come from Illinois, Indiana, Iowa, Missouri, Kansas, and Minnesota; much of the lumber from the Southern States; the furniture from New York and Michigan; the leather goods from New England; the machinery from Pennsylvania and Delaware; the tobacco from the Southern States; the iron and steel from Pennsylvania, Ohio, and Illinois, and the cotton goods from Massachusetts.

The trade with Colombia is done through commission merchants at New York with credit on Europe, principally on London, as few of the merchants of this country have branch houses in that country.

THE MEANS OF TRANSPORTATION.

The principal means of transportation between New York and the ports of Colombia are furnished by the Pacific Mail Steam-ship Company, which goes direct to Aspinwall, and the Atlas Steam-ship Company, which sends steamers from New York to all of the Colombian ports by way of Jamaica.

The former is an American and the latter an English Company. There is also a steamer running between New Orleans and Colombia, and sailing vessels are occasionally sent under special charter with assorted cargoes. Of the imports from Colombia last year, $1,675,000 was sent in American ships, and $2,717 in foreign ships. Of our exports to that country $3,813,000 were sent in American vessels, and $1,210,000 in foreign vessels.

This is the case everywhere. The raw materials of the South American countries are brought to the United States in foreign ships which seldom carry cargoes back, and if we send any merchandise at all we must depend upon our own vessels to carry it. The English shipmasters do everything in their power to encourage the trade of their own merchants. There is one line of steamers belonging to the Harrison Com-

pany, of Liverpool, which twice a month carries cargoes of English merchandise to the Columbian ports and there load with raw materials for New Orleans. From the latter city they return to Europe loaded with cotton. The freights from Europe are cheaper than from the United States, and the Atlas Steam-ship Company, having no competitor, does not fail to improve the advantage.

THE PROPOSED COMMON SILVER COIN.

With reference to the adoption of a common silver coin, Mr. F. G. Pierra, of New York, who is a merchant enjoying a very large trade with Colombia, says:

I believe that the establishment of a common silver coin would greatly benefit commerce between the United States and Spanish America and Brazil; but it is rather difficult to say how far the measure is practicable.

Judging by the references to the subject which I have noticed in the public press of those countries, the measure does not seem to be viewed with much favor, although I have not yet been able fully to understand the grounds of their objections. Where the metal is produced to some extent, they seem to be apprehensive of the effect which the great production of the United States would have on theirs; while some observe that not having ourselves yet come to an agreement in regard to the silver question, the discussion of a common silver coin is somewhat premature. The production of silver in Colombia is now about $2,000,000, and is increasing. Work has been commenced during the last few months on several mines, which it is expected will be very productive.

I am not sufficiently well-informed to speak with certainty about the coinage and paper currency of that Republic. The matter seems to be one somewhat confused. The monetary unit is the silver peso, 900 fine and of .801 ounce weight, equivalent to about 70 cents American gold. There is besides a half peso, of a very much lower standard, which, I understand, is causing no little confusion and trouble.

The same regulations that exist in other countries are found in the custom-houses of Colombia, and technical errors are punished with penalties out of proportion to their importance, even where it is evident that no fraud was intended.

THE COMMERCE OF SAVANILLA.

The principal port of Colombia is Savanilla, which lies upon a low, sandy bar, and is connected by railroad with Barranquilla, the chief commercial city of the country. Barranquilla, is near the mouth of the river Magdalena, the great thoroughfare to the interior, and to Bogota, the capital, and has a population of about 25,000, a majority of whom are foreigners.

The exports from the port of Savanilla are about $7,000,000, and the imports $10,000,000. The other ports of the country, Carthagena, Santa Marta, Buenaventura, Aspinwall (Colon), and Panama, each had its share of the commerce of the country, but at Savanilla most of the business of the interior is done.

The chief exports last year were: Silver and gold bullion, $3,548,533; coffee, $1,470,000; hides, $750,572; tobacco, $401,900; cinchona bark, $233,637, and rubber, $179,868. Of these exports $2,949,225 went to

England; $1,845,201 to the United States; $883,224 to France, and $664,329 to Germany.

Of the imports of Savanilla $2,743,366 came from England; $1,356,412 from France; $643,859 from Germany, and $517,386 from the United States. The chief articles of import last year were as follows:

Cotton goods	$3,265,705
Provisions	1,218,926
Iron and steel	1,344,812
Building materials	520,053
Wines and liquors	952,336

STEAM-SHIP FACILITIES.

Savanilla has direct steam communication with New York by the Atlas line, which, although owned by an English company and operated under the flag of Great Britain, and receives subsidies from the British West India colonies, confines its voyages to American waters, and touches at all the chief Atlantic ports of Colombia and Costa Rica and several of the West India Islands, being the rival of the Pacific Mail Company, and competing to a certain extent with the "Red D" line. Where the Atlas steamers come into competition with those sailing under the United States flag they are able to give lower rates of freight, because the cost of maintaining them is lower, but to ports where it enjoys a monopoly, its charges are sufficiently high to make up the difference.

Some merchandise is sent to Savanilla by the "Red D" line, by way of Curaçoa, where it is transshipped upon English, French, or German vessels, the little Dutch island being an important rendezvous for the steamers that ply along the Spanish Main.

SUBSIDIZED LINES TO EUROPE.

Savanilla has four lines of transportation to and from England, viz, The Royal Mail Steam Packet line of Southampton, semi-monthly; the West India and Pacific line of Liverpool, semi-monthly; the Harrison and West India line of Liverpool, semi-monthly; and a Spanish line which touches at Liverpool en route, also semi-monthly.

There is also a line of steamers between Savanilla and Havre (the Compagnie Générale Transatlantique) tri-monthly; a German semi-monthly line to Hamburg, and the line to Spain above mentioned. All of these lines are subsidizes.

This gives the port of Savanilla thirteen steamers a month to and from Europe, or one nearly every other day, while the steamers to and from New York sail only once in fifteen days.

FAULTS OF AMERICAN MANUFACTURERS.

One great obstacle to the extension of our trade to Savanilla, which means the interior of Colombia, is the failure of American manufact-

urers to appreciate the importance of packing their goods in such a manner as to permit their transporation over the mountains upon the backs of mules and men. In Europe the packing of merchandise for the South American trade is a fine art, which has never been studied or cultivated in the United States. Packages should be made of a certain size, and weight not over 125 pounds, and there should be as little waste lumber and other material as possible, so as to add to the convenience and cheapen the cost of interior transportation, as well as to avoid the payment of unnecessary duties, which are all assessed by the pound, gross weight.

In Colombia, roads, properly so called, do not generally exist, and are represented merely by mule tracks. Military labor has, however, been applied within the last two years to the repairing of the principal routes in the country, and great improvements have been made. The first road suitable for vehicles was opened last year. It extends from the Plain of Bogota to the river Magdalena, and will serve for the conveyance of heavy goods, such as machinery and pianos. The postal service in the interior is well arranged, being safe and as speedy as the conformation of the country will permit. About 2,800 miles of telegraph are in working order, and about 200 more in course of construction. There are also eight railway lines, which, however, extend no farther than 148 miles altogether. Congress has approved of the construction of a line from Bogota to the Lower Magdalena. Such a line would shorten the time of transit between Bogota and the coast by three or four days for passengers and mails, and by about a fortnight for merchandise. A concession, which is very important, has also been granted to a French company for a line of railroad from Bogota to the sources of the Orinoco River, which, when completed, will give an outlet to the Atlantic Ocean.

THE TRADE OF THE ISTHMUS.

The trade of the Isthmus of Panama should not properly be included in that of the Republic of Colombia, although that portion of the continent is under the political authority of the Government at Bogota. Aspinwall and the city of Panama are the entrepôts for a large amount of commerce from the west coast of South America, and the merchandise that passes over the Panama Railroad daily is enormous. These cities have a larger commerce than any others in either Central or South America, but their population is small, and the imports on one side of the Isthmus are immediately transshipped on the other side.

The Isthmus being the great thoroughfare of commerce, the following statement from Mr. Thomas Adamson, United States consul-general at Panama, will be found of especial interest as it shows the number of vessels employed, tonnage, dates of arrival and departures, rate of freight charges, subsidies from foreign Governments for carrying mails, etc.:

STEAM-SHIP FACILITIES AT PANAMA.

The three lines of steam-ships trading to Panama are "The Pacific Mail Steam-ship Company," "The Pacific Steam Navigation Company," and "The South American Steam-ship Company."

The Pacific Mail Steam-ship Company maintains three lines on the west coast of North America, namely:

The San Francisco line, plying between San Francisco and Panama, with intermediate calls, which consists of six ships, having an aggregate tonnage of 10,230 tons, makes two trips each way monthly, from June to November, and three trips each way per month during the remainder of the year.

The Mexican line consists of two ships, having an aggregate tonnage of 2,450 tons, which ply between Panama and Acapulco, making one trip each way during the month.

The Central American line, plying between Panama and the principal Pacific ports of Costa Rica, Nicaragua, Honduras, Salvador, and Guatemala, consists of two ships of an aggregate tonnage of 3,010 tons, which make two trips each way per month.

The vessels of the Pacific Mail Steam-ship Company on the Pacific side of this continent make connections by way of the Panama Railroad with the vessels of the same company plying between Colon, on the Atlantic side of this Isthmus, and New York City.

Arrivals and departures of steamers.

Arrivals at Aspinwall.	Departures from Aspinwall.
Royal Mail Steam Packet Company's steamer: From Southampton via West Indies, fortnightly. Compagnie Générale Transatlantique steamer: From Marseilles and way ports, 8th. From Havre, Bordeaux, and way ports, 18th. From St.-Nazaire and way ports, 30th. Hamburg-American Packet Company's steamer: From Hamburg, Havre, etc., 4th and 21st. Compañia Transatlantica de Barcelona steamer: From Barcelona and way ports, 28th. West India and Pacific Steam-ship Company's and Harrison Line steamers: From Liverpool and way ports, every Thursday. From Liverpool and Bordeaux, fortnightly.	Royal Mail Steam Packet Company's steamer: For Plymouth, Cherbourg, and Southampton, via West Indies, fortnightly. Compagnie Générale Transatlantique steamer: For St.-Nazaire and way ports, 3d. For Marseilles and way ports, 11th. For Havre, Bordeaux, and way ports, 21st. Hamburg-American Packet Company's steamer: For Hamburg, Havre, and way ports, 7th and 24th. Compañia Transatlantica de Barcelona steamer: For Barcelona and way ports, 2d. West India and Pacific Steam-ship Company's and Harrison Line steamers: For Liverpool via New Orleans, every Saturday. For Liverpool via Vera Cruz and New Orleans, fortnightly.

SUBSIDIES OR PAYMENT FOR CARRYING MAILS.

The Pacific Mail Steam-ship Company has mail contracts with all of the Central American Governments and Mexico, according to which the company receives certain stipulated sums for carrying mails and to secure the calling of the steam-ships at their ports, etc.

Costa Rica pays to the Pacific Mail Steam-ship Company $12,000 per annum on mail contract; Nicaragua pays to the Pacific Mail Steam-ship Company $8,000 per annum on mail contract; Honduras, $5,000; Salvador, $24,000; Guatemala, $19,500; Mexico, $30,000. Colombia pays for carrying its mails to New York and San Francisco (but not to intermediate points) at the rate of 10 cents a pound for newspapers, and 50 cents a pound for letters.

The transportation of mails from Panama to Central America and Mexican ports is included in the contracts of those countries.

The Pacific Steam Navigation Company, of Liverpool, England, employs in its trade on the west coast of South America, between Panama and Port Monte Chili, a fleet of twenty-seven vessels, of which seven have an aggregate tonnage of 17,421

tons; thirteen, 21,805 tons; five, 3,330 tons; two (tenders), 324 tons; making a total aggregate of 42,880 tons.

The vessels of this company make seventy-eight arrivals at, and seventy-eight departures from Panama during a year; that is to say, the steamers of the through line to Chili arrive and depart weekly (fifty-two times), and the steamers which do not go farther south than Guayaquil arrive and depart fortnightly (twenty-six times).

The Colombian Government pays the Pacific Steam Navigation Company $1,050 (pesos) per month for transportation of mails, but information as to the amounts is not obtainable here.

The South American Steam-ship Company (Compañía Sud Americana de Vapores) has its principal office at Valparaiso, the vessels sailing under the flag of Chili.

The fleet of this line consists of sixteen steam-ships and one steam-tug, which are thus described by the company, namely:

Names of steamers.	Freight capacity.	Registered tonnage.	Speed.	Light.
			Miles.	
Imperial	3,500	1,608	18	Electric.
Mapocho	3,000	1,552	15	Do.
Maipo	3,000	1,500	15	Do.
Cachapoal	2,800	1,484	15	Do.
Laja	2,800	1,335	15	Do.
Amazonas	2,500	1,300	15	
Lautaro	2,500	1,350	13	
Itata	2,500	1,201	13	
Valdiva	1,900	1,145	10	
Copiapo	1,800	890	12	
Limari	1,200	750	10	
Biobio	600	.....	12	
Longari	400	.....	10	
Maule	350	.....	10	
Pudeto	400	.....	10	
Huanay	450	.....	10	
Ardilla (tug-boat)	.....	.....	.....	
Aggregate tonnage	.....	29,706	.....	

A new vessel, the *Aconcagua*, of 3,500 tons and a speed of 18 miles per hour, will soon be finished and added to the line, and another small vessel is now being built for the trade between Guayaquil and Panama. I have been particular to describe the foregoing ships separately, because they would all become a part of the Chilian navy in case that Chili should become engaged in war with a foreign power.

The principal vessels of this line are magnificent ships, replete with every modern convenience, and altogether the most comfortable vessels I have ever traveled on.

At present the service of this company consists only of the through line between Valparaiso and Panama. The ships leave from both ends of the line fortnightly, arriving at Panama on alternate Thursdays, and departing from Panama on alternate Saturdays.

Leaving Panama they call at Guayaquil, Paita, Eten, Pacasmayo, Salavery, Gallao, Tambo de Mora, Pisco, Lomas, Quilca, Mollendo, Pisagua, Iquique, Antofogasta, Taltal, Chanaral, Caldera, Carrizal Bajo, Huasco, Coquimbo, Valparaiso.

In September a new line will be in operation, running between Callao and Panama bi-monthly trips each way, and calling at all the intermediate ports of Peru, Ecuador, and Colombia.

The freight tariff from Valparaiso to New York and San Francisco, by connection with Pacific Mail Steam-ship Company, range from $15 to $37.50, in United States gold, per ton. The rate of freight from Panama to Guayaquil or to Paita is $15 (silver sols) per ton; to Callao and Valparaiso, $20 per ton. The competition between this line and the Pacific Steam Navigation Company has reduced the rates for freight and passage from 50 to 80 per cent. For instance, the price of first-class passage

from Panama to Callao was formerly $190, and now it is a matter of bargain, rating generally at about $40.

The Chilian Government pays to the South American Steam-ship Company for the weekly line between Valparaiso and Callao and intermediate ports, $125,000 per annum. On the 1st of February, 1888, when the line was extended to Panama, with bi-monthly trips, the Government of Chili agreed to increase the subsidy by an additional $100,000 for each of the first two years, and $75,000 for each of the following years until May, 1894. This, of course, includes the transportation of the Chilian mails.

One small and very indifferent steamer, of about 300 tons carrying capacity, plies monthly between the port of Panama and the port of David, the latter being the chief town of the Chiriqui district, in the western part of the department of Panama, and about 75 miles from the frontier of Costa Rica. It owes its main support to the cattle trade, and serves to bring to market the few products of the western district.

Respectfully submitting the foregoing for your information,

I am, sir, your obedient servant,

THOMAS ADAMSON,
United States Consul-General.

VII.

THE COMMERCE OF VENEZUELA.

It is shown by the statistics of our trade that where we have lines of steamers our merchants have no difficulty in competing with those of England, Germany, and France, and the increase of our commerce is noted. Take as an example the Republic of Venezuela, with which we had a commerce of only $3,300,000 twenty years ago. Then there was but one house engaged in the trade; nearly all the imports were brought from Europe and nearly all the exports were sold there. Now we have a commerce with that country amounting to $13,089,000 in 1888, or nearly one-half the total foreign commerce of the country, which is between twenty-seven and twenty-eight millions of dollars.

In 1868 our exports to Venezuela were only $961,000. Now they amount to $3,038,000 annually, having increased more than 300 per cent. since steam-ship communication was established. The exports from England to Venezuela during the year 1888 were but $786,000 more than from the United States, and the exports from France were only about one-third of those from this country.

THE TRADE IN COTTON GOODS.

More than two-thirds of the exports from England to Venezuela were cotton goods—$2,386,380 out of a total of $3,794,493—and the other large item was railway iron and supplies. The latter is due to the fact that the railways of Venezuela have been and are still being constructed by English contractors, who naturally purchase their material in their own country. Therefore this item should not be charged to any lack of enterprise upon the part of the merchants of the United States.

The reason why Venezuela purchases her cotton goods in England—and they constitute almost the exclusive wearing apparel of the common people of both sexes—is that the manufacturers of the United States have not and for some reason will not produce goods suitable to that market. This is the uniform testimony of the merchants of Caracas and other cities of that Republic. In commenting upon this fact the South American Commission, in their report on Venezuela, said:

Our merchants and manufacturers, if they desire to compete with those of Great Britain, France, and Germany, should rely on the truly American commercial and manufacturing enterprise and sagacity, which exhibit themselves in ascertaining the wants and even prejudices of the customers they seek to win, in supplying such

goods as they are disposed to buy, and in avoiding all attempts to pass off inferior or damaged wares upon people who, although not as advanced in general material progress as ourselves, are noted for their perspicacity and individual independence.

Here our merchants and dealers have no serious obstacle in the credit system; the Venezuelan importers and traders without exception, so far as we could learn, buy for cash. They are strong in resources, and have built up a profitable trade, so that though they give credit to interior dealers, yet they do not ask it for themselves.

The superiority of many of our American fabrics has led foreign manufacturers to acts of dishonest imitations and labels. In a large dry-goods importing house in Caracas we were shown by the proprietor bolts of cloth having an impress of the American eagle and the words beneath "Best American drilling" turned out of the looms of Manchester, England. The goods were inferior, and the label was designed to injure the reputation of the American article, and yet gain for the dishonest manufacturer the price of the genuine fabric.

TRADE NOT AFFECTED BY THE TARIFF.

Our trade in Venezuela is not affected by the tariff of the United States, for we are able to compete in that market with the European manufacturers in every line of merchandise that we produce for export. A reciprocity treaty, by which the government of that Republic would stipulate to admit free of duty our breadstuffs, provisions, refined petroleum, and lumber, in exchange for the free admission of her sugar into our ports, would greatly increase our trade in that direction and might result in the development of her sugar industry. In order to encourage her planters the Venezuelan Congress some years ago imposed a prohibitory duty on sugar, and the entire domestic supply is now produced within the limits of the Republic, but none is exported. The unproductive area of available sugar land is enormous, but the capital and the labor, as well as the enterprise, are lacking.

The duty on breadstuffs is very high, the retail price of flour in the markets on the sea-coast being $14 per barrel. Lumber is sold at $100 per thousand feet, and the cost of furniture, imported provisions, and petroleum is such as to prohibit their purchase by the laboring classes. Gas at Caracas, the only city in the Republic where it is made, is $8 per thousand feet. Electric lights have recently been introduced at Caracas, Valencia, and Maracaibo, the principal cities.

Venezuela enjoys ample steam-ship facilities, not only with Europe, but is one of the few countries in Central and South America with which we have regular and rapid communication.

The banking facilities and credit system between the United States and Venezuela are adequate, but there is a great deal of complaint about the extortions practiced upon importers at the custom-houses of that Republic for unintentional violations of the customs regulations.

THE RED D STEAMERS.

Wherever we have proper transportation facilities, as is the case with Venezuela, our trade is in a satisfactory condition, and only needs attention from our manufacturers and exporting merchants to be vastly

enlarged. Messrs. Boulton, Bliss & Dallett, of New York, who own and operate the line of steamers to Venezuela, have found their trade increased, and their steam-ships paying expenses after a brief experiment, and this result has been reached even against the subsidized Royal Mail Steam Packet Company, of England, which receives nearly $500,000 from the British Government, and $90,000 from the Island of Barbadoes for making that place its rendezvous, and the heavily subsidized French, Spanish, and Dutch lines.

The United States Government has paid but $13,070.73 to encourage the "Red D" line since its establishment. In 1884 it received for the transportation of our mails $1,046.32; in 1885, $1,392.94; in 1886 no money was received by these steamers for the transportation of mails, the bulk of them being carried for nothing. In 1887 the amount of business had increased so that even at the low rate of compensation paid, the money received was $4,547.47; in 1888 the amount was $6,084. The distance traveled by these steamers each round trip is 4,260 nautical miles, and the total distance traveled each year is 132,060 nautical miles. Their compensation for postal services in 1885 was only an average of $41 per voyage, or $8.20 per visit, and it always cost them more than this to transfer the mails between the post-office and the steamers. The value of the trade that has been built up by this line of steamers is shown by the fact that 10,000 bales of cotton goods were shipped to Venezuela from the United States in 1888, while in 1880 but 1,200 bales were shipped there.

VIII.

THE COMMERCE OF ECUADOR.

Our commercial relations with the Republic of Ecuador are so limited that they do not appear in the reports of our Bureau of Statistics; yet that country has a foreign commerce amounting from twenty to twenty-two million dollars a year, of which the exports are about eleven million dollars and the imports about ten millions.

The most important crop is that of cocoa, which amounts to about five million dollars. The best quality and the greatest quantity goes to Spain, the United States taking only about $350,000 worth annually. We take all of the rubber and nearly all of the hides. Of the coffee we take about one-seventh; of the Peruvian bark the same proportion.

Ecuador buys her goods abroad in this order: First, England, then France, then Germany, then the United States. Last year England sent her about $2,600,000, of which nearly the entire amount was cotton goods, while the United States sent only about half as much, chiefly hardware, edged tools, kerosene oil, lard, and other provisions, cotton goods, merchandise, lumber, and wheat flour. The cotton goods were produced in New England, the hardware and machinery in the Eastern and Middle States, the oil and provisions in the Western States, the lumber in the Southern States, and the flour in California.

OUR EXPORTS TO ECUADOR.

Our exports to Ecuador may be said to have remained stationary during the last few years, while our imports from that country have decreased, as the production of india rubber, which was formerly quite an item there, has diminished considerably. But the importations of cocoa, as well as those of coffee, have increased somewhat of late. With regard to the imports of breadstuffs, wood and manufactures of wood, provisions, and similar commodities, the advantage is in favor of the United States. In machinery our exports are as large, and often larger than those of the European manufacturers, and in cotton goods the low grades can be bought to the same advantage here as in Europe, although a special effort is made by the manufacturers of Manchester to produce a fabric suitable to that trade.

Our means of communication with Ecuador are by the Pacific Mail Steamship Company to Aspinwall, thence by rail to Panama, and then by the steamers of the Pacific Steam Navigation Company, of Liverpool, or the Chilian Company, which has recently been established as a rival to the English line. The lumber is all carried upon sailing vessels around the Horn, and much of the bulk of goods goes in the same way. The Pacific Steam Navigation Company is heavily subsidized by the English Government, and the Chilian line received a subsidy of $225,000 a year from Chili.

THE QUESTION OF FREIGHTS.

In regard to the freights, the South American Commission speak as follows in their report on Ecuador:

We gathered from several gentlemen information touching our trade at Guayaquil, which we may summarize in the following manner: Referring to the freight question, mentioned by the president, and reiterated by every merchant we conversed with, we found that the usual charge per ton by steamer from New York to Guayaquil is $30, and from England it is a little less than $27, while for sailing vessels it is only one half to Liverpool, Bordeaux, or Hamburg what it is to New York. In the case of heavy shipments these rates are subject to some modification. It will be seen at once that, other things being equal, the foreign dealer has in this item a marked advantage over those of our country, the difference in freight alone in some articles being a fair profit. The same hindrance we found stood in the way of the flour of California seeking a market here. The supply comes almost wholly from Chili, though the California article is much preferred. One importer told us that three years ago flour from San Francisco cost him $12 per ton in gold for freight, while the Chili product cost only $8 and $10, and, when brought in sailing vessels, only $4 per ton. He was discouraged with the venture, and imported no more flour from California. Were the freights less, California would monopolize the flour trade of Ecuador, for, at the same price, its superiority would control the market.

So long as all the business of this coast is done in foreign ships, diverting trade to their own countries and remaining unrestricted as to charges, it seems for that time the balances of the business will go to other nations than our own. A line of steamers, cared for and fostered by our people, limited as to charges, would soon absorb the bulk of the business here, other things hereinafter mentioned being rectified. Whether this shall be done by the direct intervention of the Government in some form or shall be left to private enterprise aided to a certain limit by the Government is a question we need not discuss since its settlement depends entirely upon Congress. That the people here have a just ground of complaint appears obvious. From Panama to Valparaiso is about the same distance as from New York to Liverpool. A passenger pays for the latter trip about $75; for the former, $250. The same extraordinary disproportion in freight charges exists.

STATEMENT OF MR. F. G. PIERRA.

Mr. F. G. Pierra, of New York, who has a very large trade with Ecuador, in a communication to the writer, says:

The customs regulations of Ecuador are not the most defective of those of the Spanish American Republics; still, I think that there is room for improvement. The articles of merchandise are classified under nine different heads. Class the first comprises articles the importation of which is prohibited; class the second, those admitted free of duty; class the third, those paying 1 cent of sucre per kilogram, gross weight;

class the fourth, 2 cents; class the fifth, 5 cents; class the sixth, 10 cents; class the seventh, 50 cents; class the eighth, 1 sucre; class the ninth, 25 cents.

Among the articles comprised in class the first whose importation is forbidden are rum, all kinds of munitions of war, rifles, cartridges, bullets, bombs, hand-grenades, etc.; as well as revolvers, carbines, pistols, powder, etc., dynamite and other explosives; petroleum under 150 degrees test, and other minor articles.

In the second are comprised, free of duty, travelers' baggage, pitch, tar, ropes, cotton duck, and other articles intended for the construction or repair of vessels. Also the natural or manufactured products of Colombia and Peru; machinery and mining tools, fire-engines, boats and other small crafts, coal, life-preservers, oars, etc.

In the third class are included, among other articles, Roman cement, bricks, stone filters, slates, tiles, pig-iron, etc.

In class the fourth are included anchors, iron wire, plows, hoes, picks, shovels, iron nails, store trucks, unmanufactured iron, steel, copper, tin, agricultural machines, lumber (undressed boards and scantling), iron pipes, types and printers' materials, paper for newspapers, etc.

In the fifth class are common harnesses, empty barrels, pipes, pails, iron chains for vessels, common glassware, manilla and sisal rope, salt meats, petroleum, hams, carriages, etc.

The sixth class comprises linseed-oil, varnishes, trunks, manufactured iron, mechanics' tools, butter, household furniture, paints, candles, billiards, lard, writing paper, etc.

In the seventh class: All kinds of woolen goods, and unmanufactured and manufactured tobacco.

In class the eighth: Chromos, artificial flowers, hats, shoes, etc.

In class the ninth: All non-enumerated articles, and consequently cotton prints, drillings, white goods, etc.

Export duties on each 100 kilograms are charged, among others, on the following articles: On cocoa, 64 cents; on coffee, 44 cents; on india-rubber, $5; on hides, 50 cents.

The objectionable feature of the customs tariff of Ecuador is the classification which the exporter here is compelled to make of the goods which he ships.

The following duties are charged per kilogram of gross weight on wheat: Indian corn and other flour, 5 cents; on wheat, barley, and Indian corn, 2 cents; on salted and smoked meats, 5 cents; on lard and butter, 10 cents; on lumber (rough boards and scantling), 2 cents.

A RECIPROCITY TREATY DESIRABLE.

In my opinion it is very desirable that the United States should engage in reciprocity treaties with the other American countries as the most effective way of obtaining an immediate enlarged outlet both for our manufactures and for our farm and forest products. From Ecuador, however, at present we do not import any article which is not admitted duty free, and, consequently, I do not see what could be offered in return for the concession which might be asked of that country. Moreover, we are not very important consumers either of their cocoa and coffee or hides and ivory nuts. The sugar produced in Ecuador is scarcely enough to supply the consumption of the country. None comes here.

The monetary unit in Ecuador is the sucre, a silver coin, I believe, of the same standard and weight as the Colombian peso, and equivalent to 70 cents American gold. The state of the currency, since the reform which was made four years ago, is not bad; although I hear some complaints lately on account of the influx of worn-out coins from adjoining countries. The paper currency consists of bank notes, redeemable in coin.

IX.

THE COMMERCE OF PERU.

The condition of Peru since the war with Chili has been that of complete commercial and financial prostration. The industries of the Republic were paralyzed, the plantations were devastated, the mines were flooded, and the machinery for working them destroyed, the laboring population depleted, and the people as well as the Government reduced to the utmost poverty. A large and profitable commerce was destroyed, the productions of the country have been scarcely sufficient for local consumption, and the imports of foreign merchandise limited to the meager necessities of life.

But the Congress of Peru after a long struggle has recently accepted a plan of compromise with the holders of the foreign debt which is expected to result in the revival of prosperity in a land of elastic conditions and almost unlimited resources. It is hoped that there will be an immediate resumption of activity in all lines of business, an influx of immigration and foreign capital, and that a restoration of confidence in commercial circles will follow the restoration of the national credit.

THE FORMER COMMERCE OF PERU.

In discussing the commerce of Peru I refer to the report of the South American Commission, whose observations in that country were thorough and hold good at the present date. It says:

The commerce of Peru with the United States was formerly very large, but it has now been reduced to a mere nominal amount, including only those articles which can not be purchased elsewhere. Before the late war with Chili large imports of wheat, lumber, lard, kerosene, canned goods, trunks, clocks, sewing-machines, railway and street car supplies, household utensils, perfumery, patent medicines, cordage, sail-cloth, and other articles, were made from the United States. But during the first six months of 1884 less than $300,000 worth was imported from our country, of which $5,000 was lumber, $22,000 lard, $40,000 kerosene oil, $15,000 wheat, and $130,000 general merchandise. In linen, cotton, and woolen goods the United States has no hold on Peruvian commerce, nor can our merchants obtain one until the business system at home is modified to meet the requirements of this coast, the chief obstacle being found in the matter of credits. English and continental importers, through their agents and consignees in Peru, until the recent financial crisis, gave credit to

the purchasers, sometimes extending to eight, ten, and twelve months, and naturally the purchaser prefers dealing with merchants granting such privileges. This refers particularly to linen, woolen, cotton, and other forms of wearing apparel, with which the interior Peruvian markets are supplied by merchants on the coast, who are compelled to give credit to their customers and expect credit from those of whom they buy.

Custom and habit also have a great influence in Peru, as in other Spanish-American countries. The purchaser becomes accustomed to a certain class of goods with a peculiar trade-mark, or some special token or medal attached to the bale or parcel of goods, and on no account will he invest in any other description of the material, if the old one can be had. This conservatism of the Peruvians, which is especially marked in the interior, is at once apparent from the fact that they use the same implements of agriculture and husbandry that were employed at the time of the Spanish conquest. American hardware and agricultural machinery might be pushed in the interior by means of active agents, and by paying attention to the form of packing necessary for transportation on mule back.

THE PROSPEROUS ERA OF THE REPUBLIC.

From 1870 to 1880, before the war with Chili began, the exports from the United States to Peru averaged nearly $2,000,000 annually, but they have now fallen off until the average is less than $600,000. In 1875, for example, which was one of the average years, when Peru was at peace, she imported $2,480,000 worth of merchandise from the United States, consisting of iron and steel, $1,100,000; lumber and furniture, $411,000; provisions, $200,000; petroleum, $105,000; breadstuffs, $75,000; cotton manufactures, $26,000; cordage, $12,000; drugs, $27,000; tobacco, $15,000; and about half a million dollars' worth of other merchandise. This trade has so far fallen off that in 1888 we exported to Peru but $120,000 worth of iron and steel, $108,000 worth of lumber and furniture, $114,000 worth of provisions, $826 worth of oil, no drugs at all, no tobacco, $46,000 worth of breadstuffs, no cordage, and $174,000 worth of cotton goods.

WHERE PERU BUYS HER MERCHANDISE.

As has been said above, no commercial statistics have been published in Peru since 1877, owing to revolutionary movements and the war with Chili, and it is not possible to give any accurate estimate of the commerce of the country since that time. Hitherto Peru has got her cotton goods mostly from England, some from France and Germany, and only a few from the United States. Woolen goods have come mostly from France and Germany, her linen goods from the same countries, and her silk from France and China. Her furniture has mostly come from the United States; her ready-made clothing, from France and England; her general merchandise, from England, France, Germany, and Italy, with a considerable amount of what are commonly termed "Yankee notions" from the United States. Most of her breadstuffs have come from Chili and the United States; her fine preserved fruits, from England and France; and her preserved provisions from the United States.

England, France, and Germany have controlled the drug trade. Her railroad supplies have been divided between the United States and England, the greater portion of the railroad iron, locomotives, and engines being bought in the latter country and the cars in the United States. Her agricultural machinery and her sugar mills have come from England and France, leaving to the United States a monopoly only of lard and kerosene.

EXPORTABLE PRODUCTS

The exports of Peru formerly were very large, amounting oftentimes to treble her imports. Of the exports the United States has had only a small proportion, consisting of guano, nitrate of soda, hides, and sugar. The principal articles exported, outside of guano and nitrate, have been silver, copper, and sugar, which have gone to England, France, and Germany. A little cotton has been sent to France, England, and Chili; rice to Chili and Panama; cocoa to France, Germany, and England; sarsaparilla to England, France, and Germany; chocolate to England, France, and Germany; wool to England and France; tobacco to Chili and Ecuador; drugs and dyestuffs to Germany, England, and France; while the United States has taken a greater part of the hides and goat-skins.

The exports from Peru to the United States in 1888 were only $309,040, and consisted chiefly of chemicals, drugs, hides, and skins. The exports to England were valued at $7,981,917, of which about half were chemicals and drugs; $1,358,000 sugar, and $1,346,000 wool. The exports to France amounted to $4,794,000, of which $3,890,000 were chemicals and drugs; and to Germany $2,029,000, of which $1,953,000 was silver ore.

OUR EXPORTS TO PERU.

Our exports to Peru in 1888 reached $865,160, while those of England were valued at $3,489,869, and those of France $1,055,625.

It would be very easy for the United States to engage in a reciprocity treaty with Peru, provided our Congress would consent to admit free of duty the sugar and wool of that country, in consideration of similar concessions on her part.

Peru has adequate steam-ship communication with Europe, but has none with the United States. Touching her ports regularly are lines of steamers from England, Germany, and France, all of which are subsidized. The freight rates to the United States are about $29 a ton, while those to Liverpool are $14 or $15, and to Hamburg even less.

Being a silver-producing country, and having untouched deposits of unmeasured wealth, Peru would be glad to secure the adoption of a common coin.

X.

THE COMMERCE OF BOLIVIA.

The foreign trade of Bolivia amounts to about $20,000,000 a year, and is nearly equally divided between exports and imports. The principal exports are silver bullion, hides, skins, Peruvian bark, coca, and other drugs and medicines, coffee, and copper. The principal imports are wearing apparel, machinery, hardware, cutlery, clocks, watches, and canned provisions. England very nearly monopolizes the trade.

The commerce between the United States and Bolivia is not deemed of a sufficient amount to enter into the competitions of our statistical bureaus. We really have no direct commerce with that country, and the merchants only purchase here what they can not elsewhere obtain.

The exports of England to Bolivia are mostly cotton goods, which is the principal wearing apparel of the people, with some drugs, hardware, machinery, and notions. France furnishes a large part of the wearing apparel, jewelry, fancy goods, wines, and canned provisions.

HOW BOLIVIA IS REACHED.

Bolivia is the least accessible of all the South American countries, which is due to the fact that her sea-coast was entirely absorbed by Chili at the close of the recent war, and the commerce of the country with the outside world is now entirely carried on through Chilian and Peruvian ports on the west coast. The principal port of entry is Mollendo, from which there is a railroad to the interior of the country, owned by an American, Mr. J. S. Thorndyke, and operated by him until recently, when it was seized by the Peruvian Government. Mr. Thorndyke now has a claim before the Department of State for the recovery of his road, but the case has not been settled.

Owing to the fact that all of the Bolivian trade is conducted through the ports of other countries, statistics are difficult to obtain, and it is believed that the commerce is larger than the figures given above, but is credited to either Peru or Chili. Whatever has been said with refer-

ence to Ecuador, Peru, or Chili, with regard to trade and steam-ship communication, is equally applicable to Bolivia.

Mr. Melchor Obarra, consul-general of Chili at New York, in a recent interview with a representative of "Export and Finance," gives some information which is very interesting and valuable, as follows:

THE COTTON GOODS TRADE.

The cotton goods of the United States of all kinds are much preferred through South America to those manufactured in Europe, but on account of the high freights, which are the consequence of the want of direct steam-ship communication, they come so high as to put them out of the reach of the poorer class of people. I have read with great interest the articles in your paper contending that the Government should do something to encourage its shipping, the same as European countries do. It may be that a few of the short lines plying between New York and the West Indian ports are paying a fair return to their stockholders without subsidies, but subsidies are necessary if you wish capital to invest in large ocean steamers going the long distances between many of the ports of South America and New York.

DIFFICULTIES OF TRANSPORTATION.

We have only two ways of sending goods to Bolivia. One is by sending them by the Pacific Mail steamers to Colon, thence across the Isthmus of Panama, where they are transhipped to another steamer. The freight consequently comes extremely high. The company charge by volume where the freight is bulky, and by weight where it is heavy. They charge so as to make the rate by the higher scale. My experience in sending goods has not been a fortunate one. Out of a consignment of 40 stoves which I shipped by way of the Isthmus, not one reached Arica without being smashed. I sent down two pianos, and when they arrived they were only fit for kindling wood, and my last venture was with a turbine wheel, that was ordered for the electric works that light the city of La Paz. What became of it I never knew. It reached Colon safely, but it never got to Panama, and it is probably lying in the swamps of the Isthmus.

The other way of sending goods is to ship them from here to Hamburg and from Hamburg to Arica. This is becoming the favorite method of transporting goods. Whatever I have shipped in this way has arrived safe and in good condition at Arica, including household furniture and things very likely to be injured in transit. The freight, too, is much less this way, and what an important consideration freight is, you may understand when I tell you that I bought a wine press for $200, and the freight on it by way of Panama amounted to $250.

MISTAKES OF AMERICAN MERCHANTS.

There is another thing that you people should do, send agents into those countries of South America you wish to trade with, to study the commercial habits of the people. The question of transport in South America is a very important one, yet here you never seem to consider it for a moment. The greater part of the transport in South America, and especially in countries like Bolivia, is done by pack-mules. A mule can not carry more than from 100 to 150 pounds, yet your merchants go on putting up your goods in immense packages, which have to be reopened and repacked in smaller packages when they reach the port of destination.

Then as to this matter of credit. In many cases European houses give as much as twenty-four months' credit. This enables the South American merchant to sell at six months' credit to the smaller merchants in the interior parts of the country, and, as he is willing to pay higher for the long credit given, the European exporter rarely suffers any loss.

RECIPROCITY TREATIES.

Our people are anxious to trade largely with the United States, and we believe our Government would be willing to go so far as to consent to a treaty of reciprocity. Of course reciprocity is altogether against us, because the main support of the Government of Bolivia, in common with the majority of South American countries, is derived from the custom-house. The taking off by your Government of the high tariff imposed on cotton and wool, our chief exports, would hardly compensate for the loss of the customs dues on the quantity of goods which the United States might send into Bolivia. Bolivia now has no coast line, it having been part of the indemnity paid to Chili at the conclusion of the last war. All the imports into the country are made by way of Arica and Antofagasta.

XI.

THE COMMERCE OF CHILI.

The foreign commerce of Chili in 1888 amounted to $128,000,000, of which the exports were $78,000,000 and the imports $50,000,000. Of this commerce the United States furnished but $2,200,000 of the imports, and took but $2,450,000 of the exports. Wool and nitrate were the chief articles exported to the United States, and the imports consisted of a variety of articles, but a small quantity of each. England had the lion's share of the trade—about 50 per cent., and France about 30 per cent.

The exports of Chili consisted entirely of raw materials, $63,206,930 coming from her mines, mostly nitrate, copper, and silver, and $8,784,360 representing the products of agriculture, of which $6,000,000 was wheat and other cereals.

THE COMMERCE OF 1887.

The commerce of Chili in 1887 was valued at $108,180,848, of which $59,549,958 were exports and $48,630,862 were imports. The imports in 1886 were $44,170,147, which shows an increase of more than four and one-half millions during the year. Of the imports in 1887 Great Britain contributed $20,463,584; Germany, $11,631,891; France, $5,500,949, and the United States, $3,242,314.

The exports of Chili can be classified as follows:

Classification.	Value in 1886.	Value in 1887.
Mineral products	$40, 264, 340	$49, 449, 015
Agricultural products	9, 710, 747	9, 369, 247
Manufactures	66, 521	46, 081
Miscellaneous	107, 391	46, 655
Re-exportation	446, 734	321, 475
Specie	644, 416	317, 485
Total	51, 240, 149	59, 549, 958

The imports are clasified as follows:

Classification.	1886.	1887.
Food products	$12,309,492	$10,184,510
Textiles	9,678,205	11,469,282
Raw materials	4,886,163	6,221,190
Clothing, jewelry, etc	2,429,273	2,569,394
Machinery, tools, etc	4,246,306	5,618,557
Furniture and household goods	2,871,176	3,304,323
Railway and telegraph supplies	850,789	1,443,827
Wines and liquors	915,827	1,079,905
Snuff, tobacco, etc	413,009	447,534
Precious metals	110,336	10,279
Fine arts	693,384	616,746
Drugs, medicines, etc	615,398	686,446
Arms and ammunition	59,864	72,879
Miscellaneous	3,877,925	4,777,136
Specie and bank-notes	213,000	98,854
Total	44,170,147	48,630.862

THE SHARE OF THE UNITED STATES.

The following statement shows the meager share of these imports furnished by the United States:

Articles.	Total value.	From the United States.	Articles.	Total value.	From the United States.
Refined sugar	$2,949,216	$61,188	Common soap	$8,490	$2,646
Rice	460,088	681	Rope	60,057	14,207
Plows	24,306	11,993	White shirtings	1,923,340	33,083
Turpentine	53,544	40,042	Trouserings	1,067,224	40,532
Blacking	24,973	2,709	Cotton bagging	385,506	141,834
Pitch	34,401	1,941	Canvas	36,499	4,712
Iron safes	9,544	180	Railway materials	1,095,057	98,391
Carriages	17,417	3,371	Telegraph materials	30,683	2,781
Beer	83,135	1,500	Agricultural machinery.	33,772	16,632
Nails	266,793	108,330	Sewing-machines	128,742	7,780
Cooking ranges	29,287	8,018	Machinery	469,069	45,115
Cotton ticking	120,746	3,435	Hardware	1,431,635	94,232
Glass-ware	196,436	4,599	Furniture	184,213	27,571
Cutlery	33,488	1,124	Wick	34,836	2,296
Cotton drills	190,013	1,454	Writing-paper	60,023	3,533
Drugs	556,811	19,719	Printing-paper, superior.	38,041	2,083
Shoe-pegs	11,740	2,519	Printing-paper, ordinary.	191,739	.....
Lucifer matches	224,174	20	Prints	2,268,903	16,123
Flannels	270,521	155,404	Bags	1,188,758	14,308
Paraffine	581,755	545,734	Chairs	96,430	27,131
Carpenters' tools	75,175	12,090	Calicoes	978,211	119,749

SHIPPING STATISTICS

The following shipping statistics show the relative position of the United States flag to the total tonnage entered and cleared at Chilian ports in 1887:

Vessels.	All flags.		United States flag.	
	No.	*Tons.*	*No.*	*Tons.*
Foreign—				
Sailing vessels entered	753	557,136	33	27,440
Sailing vessels cleared	678	581,603	23	19,848
Steamers entered	640	987,844	1	1,712
Steamers cleared	761	1,100,049	3	4,169
Coasting—				
Sailing vessels entered	1,784	908,939	80	46,760
Sailing vessels cleared	1,769	873,595	78	36,060
Steamers entered	4,469	4,425,673	2	2,401
Steamers cleared	4,254	4,287,612	1	826

The exports from the United States to Chili are likely to be much larger during the present and succeeding years because of a contract recently awarded by the Government to a firm of American contractors for the construction of about 750 miles of railroad at a cost of about $15,000,000, and it is stipulated that the rolling stock shall be of the American pattern.

THE CHILIAN LINE OF STEAMERS.

Chili has adequate steam communication with Europe and an excellent line of steamers of her own. The South American Steam-ship Company (Compania Sud-Americano de Vapores) is a Chilian organization. It has a capital of $3,500,000, which received an annual compensation of $225,000 in silver, payable monthly, from the Government of Chili, for the transportation of mails between Valparaiso and Panama, which is a guarantied dividend of 6½ per cent. upon the authorized capital of the company, or more than 10 per cent. upon the actual investment. The contract covers a term of ten years, and the vessels are required to sail twice a month. The fleet of the company comprises eighteen first-class steamers, constructed in England especially for this service. Their tonnage varies from 1,200 to 2,000, and their horse-power from 1,000 to 1,500. The officers and engineers are mostly Englishmen and Americans. This company was organized to afford competition with the vessels of the Pacific Steam Navigation Company, which for a long time had a monopoly of transportation upon the west coast of South America, and have been effective in reducing freights and passenger rates to reasonable sums.

THE WOOL PRODUCT OF CHILI.

There are very few products of Chili that can be exported with profit to the United States; and they are guano, nitrate, and wool. The same remarks that have been made regarding the wool of Peru apply to the product of Chili. It does not compete with the merino wool of the United States, but is of a much coarser variety, and is used exclusively in the manufacture of carpets. The sheep growers of the United States do not attempt to produce this wool, and therefore need not be protected against it.

The chief export of Chili to-day is nitrate of soda, and always will be, as the deposits in that country are so great as to be practically inexhaustible. The nitrate is not utilized in the United States to the same extent as it is in Europe, but will eventually become a large article of exportation to our country. Experiments are being conducted for the purpose of discovering some method by which nitrate can be utilized for fertilizing material, and if they are successful the purchase of that article in the United States will be much larger than now.

All the guano now remaining on the west coast of South America belongs to Chili, and it is claimed that there is very little left of a high

grade such as was formerly shipped in large quantities. The Government of Chili owns all the guano, and contracts for its sale to private parties.

Chili exports a great deal of flour, and supplies the west coast of South America with that article.

HOW TRADE MAY BE SECURED.

The import trade of Chili, as has been shown, is very large, and if proper means could be provided for the shipment of goods the merchants of the United States might secure a large share of it; but before any efforts can be profitably made in this direction, some means must be devised of securing steam-ship communication with that country. Lower freights, quicker time, longer credits, banking facilities, the selection of goods suitable to the demands of this market, and better packing are all necessary elements in any effort that may be made to build up a trade. It is also necessary for our merchants to have agencies or branch houses in Chili which shall carry such stocks of goods as shall enable their representatives to fill orders when they are received.

Cotton goods are especially needed in Chili, but the American manufacturers do not produce the fabric that is demanded in that country. The people want a cheaper article than our mills now produce. They want the same sort of fabric that they get from Europe, a mixture of cotton, pipe-clay, and starch, which sells for 5 cents a yard, while the American article approaching nearest it costs 7 cents a yard.

POPULARITY OF AMERICAN GOODS.

A recent article in a New York paper asserted that the reason our cottons were not sold in Chili was that our prices are too high. This is not true. English goods of the same weight and texture sell for quite as much and often more than those from the United States. But very few of the better class of goods are sold. Nearly all the railroad supplies of Chili are furnished by the United States, and were the question of freights more in our favor we should have almost a monopoly, for there is an entire concurrence of testimony from experienced men as to the great superiority of our engines, cars, and other supplies, with the single exception of steel rails; but the tedious delay in getting freight from New York gives our English competitors the advantage.

For all farm work our machinery is preferred as it is more convenient and better adapted to its use, but there is a complaint that it is not heavy enough to be handled by men so careless and stupid as the Chilian laborers. It will pay manufacturers of agricultural machinery and implements to send agents to Chili to study the demands of that market and see wherein the goods they now furnish fail to give satisfaction.

American sewing-machines are considered the best by all the merchants of Chili, and are so good and popular that the Germans have driven them out of the market with cheap imitations. In many other articles, such as paints, oils, drugs, stationery, and hardware, we can compete with the English manufacturers even under the present freight disadvantages, and there is no doubt whatever that a large trade might be built up if proper facilities were afforded.

THE QUESTION OF FREIGHTS.

Freights via the Isthmus are so high that few goods are sent from the United States to Chili, except by sailing vessels, or steamers via Europe. There are two houses in Chili, branches of W. R. Grace & Co., of New York, and Hemmingway & Brown, of Boston, who have lines of sailing vessels arriving and departing with regularity, carrying down merchandise and taking back guano, nitrate, and wool, but these vessels are used by the houses who own them and do not do a regular transportation business.

The frequent complaint of the breaking of parcels and boxes on the Isthmus show that New York shippers in this item alone find the loss so serious as to deprive them of their profits on goods that go that way. The steamship lines of the Old World are a controlling power in directing trade, and not only do they offer low rates and sail regularly, but discriminate in other ways in favor of European merchandise. Not one of these lines was started or could have been maintained without assistance from the government under whose flags it sails, and if the merchants of the United States expect to compete with the merchants of Europe, whoever establishes steam communication must have the same amount of assistance.

THE INTERNATIONAL COIN.

The Government of Chili is heartily in favor of the adoption of a common international coin, and it was the only topic of the several to be discussed at the approaching Congress that was indorsed and approved. In the conference that was held between the President and his Cabinet and the South American Commission in 1885, the former stated very frankly that his Government did not care to enter into a reciprocal treaty with the United States, as he did not see any advantage to be derived from it.

There are no customs-house exactions to be complained of in Chili, but the patent laws and treaties are very defective, and the markets of that country are flooded with fraudulent goods of English and German make bearing the forged trade-marks of the manufacturers of the United States.

XII.

COMMERCE OF THE ARGENTINE REPUBLIC.

The total foreign commerce of the Argentine Republic in 1888 reached the enormous amount of $280,690,000, of which $172,410,000 represented the imports, including $44,000,000 coin, and $108,280,000 the exports.

Much of the increase in 1888 represents railway material, of which there was imported the value of $13,600,000 against $3,500,000 in 1887. There was a similar increase in building materials, machinery, and agricultural implements.

The progress of home production in agricultural products is shown in the falling off of imports in 1888 as compared with 1887, as follows: Food products, $1,500,000; wines and spirits, $3,100,000; tobacco, $90,000. This falling off in agricultural products is made up by the increased importations of manufactures of iron, agricultural implements, and machinery, which increased in 1888 over 1887 $3,200,000. The exports, exclusive of coin and metal, in 1887 amounted $84,200,000; and in 1888 to $99,500,000.

THE DIVISION OF TRADE.

This trade was divided among the several foreign countries as follows:

IMPORTS.

From England, including specie	$63,700,000
Germany	29,155,000
France	27,781,000
Belgium	11,177,000
United States	9,934,000
Italy	7,732,000
Spain	3,902,000
Brazil	2,428,000
Uruguay	8,833,000
Paraguay	1,724,000
Other countries	5,981,000

EXPORTS.

To France	$28,141,000
England	17,697,000
Belgium	16,682,000
Germany	13,246,000

To United States	$6,668,000
Brazil	4,801,000
Spain	3,300,000
Italy	2,734,000
Uruguay	7,925,000
Chili	1,681,000
Other countries	6,012,000

For some reason the returns in detail for 1888 can not be obtained, but those of 1887, so clearly analyzed by Mr. E. L. Baker, the United States consul at Buenos Ayres, will give an idea of the trade.

CLASSIFICATION OF EXPORTS.

The relative value of the different classes of exports of 1887, compared with those of 1886, was as follows:

Articles.	1886.	1887.	Difference.
Products of the cattle industry	$52,903,347	$55,282,102	*$2,678,755
Agricultural products	8,341,336	21,257,320	*12,915,984
Industrial products	6,600,257	4,239,934	†2,360,323
Timber exported	326,623	277,944	†48,679
Minerals	155,029	186,150	*31,121
Products of wild animals	351,021	606,738	*253,537
Various exports	1,514,538	1,802,082	*432,456

* More. † Less.

The wonderful increase in the exports of agricultural products as exhibited in the above table is all the more gratifying, as only a few years ago it was generally proclaimed that it was impossible for the Argentine Republic ever to be an agricultural or grain-producing country.

EXPORTS OF CEREALS.

The production of cereals is getting to be a most important industry, the crops now not only supplying the demands of the home market, which hitherto were supplied from abroad, but the surplus now every year adds largely to the aggregate of exports. With the annual increase of an agricultural immigration from Europe, it will not be very long before the products of the farm will contend for first place with those of the pastoral industry.

In regard to the exports of grain, the official figures are as follows:

	Tons.
Exports of wheat	237,866
Exports of corn	361,848
Exports of linseed	81,208

The shipments to the United Kingdom were as follows:

	Tons.
Shipment of wheat to Great Britain	145,948
Shipments of corn to Great Britain	177,769
Shipments of linseed to Great Britain	62,975

INCREASE OF AGRICULTURAL POPULATION.

There is a line of steamers running from Genoa to Buenos Ayres which carries very little else than passengers, and receives from the Argentine Government a subsidy per capita for every immigrant carried. Those immigrants who choose to go into the agricultural section are given free lands and seed and $6 a month for the first year, or until the first crop enables them to become self-supporting. There are also large numbers of people going to the Argentine Republic from the vast provinces of Spain, and quite a number also from the same locality to the Republic of Uruguay, which lies across the river from the Argentine Republic. A large proportion of the laboring classes and mechanics in both of these countries are Spanish Basques, and those people appear to find the country and the climate especially adapted to their tastes.

The rush commenced about 1884, when they received about 100,000 people from Europe, most of them, as I said, being Italians and Spanish Basques. In 1886 the immigration had largely increased, and it has been increasing rapidly ever since, until last year the number of arrivals was 155,000, and during the six months of the present year the arrivals numbered 150,000. These statistics do not look very large beside those given in our own tables of immigration statistics, but it must be understood that in the Argentine Republic the population is only 4,000,000, while we have 65,000,000 here.

AGRICULTURAL ADVANTAGES.

The Argentine Republic has the advantage of having a fertile prairie land near their ports, which is easily cultivated and which is being developed by the rapidly increasing population. Lines of railroad are being built through the country. The climate is temperate and favorable to agriculture. Its farmers have the advantage over those of our Northwest in that they can raise four or five crops of alfalfa or clover a year. Their stock does not require shelter, therefore they do not have to divert their energy in harvesting for a long winter. Owing to these special advantages they are large producers of wool. They export two and a half million hides per annum, which hides are of the best quality shipped from any part of the world.

Fifteen years ago all the flour consumed in the River Plate countries came from the United States and Chili. Now they not only provide for the increased consumption of their own country, but are exporting cereals; and the wheat fields and corn farms of the River Plate are destined to rival in extent and productiveness those of our own Northwest. The Argentine Republic has this advantage in supplying breadstuffs to Europe: As the wheat fields of the Argentine are near the ports, and, owing to the new railroads and a surplus tonnage for homeward business, the freights on products from the wheat fields of the Argentine Republic to Europe is from 20 to 40 per cent. less than it is

from the wheat fields of the Northwest to Europe, the present quotations being $6 a ton from the Argentine Republic and $9.50 a ton from Milwaukee.

THE WOOL CLIP.

"If it be true, as it is now officially computed," writes Consul Baker, "that there are 100,000,000 of sheep in the country, it will be seen from the amount of shipments that the average yield is only a little more than 2 pounds to the sheep. And this is wool in the dirt, two-thirds of it being dirt and one-third of it being wool. In other words, taking the shipments of 1887 as the average annual product of the country, it is about 75,000,000 pounds of washed wool.

"The shipments to the United States were exclusively of the long carpet wools from Cordoba, it being the only class that it is possible to send to our market under our tariff law with profit. Our tariff, so far as the clothing and finer qualities are concerned, is prohibitive. While those from Australia come in, those from the Argentine Republic, owing to the greater amount of grease and dirt they contain, are quite excluded, our tariff law making no allowance or reduction whatever for such excess. I referred at length to this discrimination against the Argentine Republic in favor of Great Britain in my annual report of 1886. It appears that the amount of dirt and grease in the wools of the Argentine Republic reaches to more than 70 per cent., while the wools of Australia and New Zealand have only about 50 per cent. In other words, while the average yield of Argentine wools scoured is only 30 per cent., that of the other countries named is 50 per cent."

"If, as I have heretofore remarked," continues Consul Baker, "the mills of the United States did not use foreign clothing wools at once, this would make no difference. The discrimination would be of no practical significance. But they do use foreign wools, and just such classes of clothing wools as the Argentine Republic can furnish; and, owing to the more intimate trade relations which we are striving to cultivate with the latter country, we should avoid the appearance of favoring other nations to the prejudice of the Argentine Republic."

A BOUNTY ON EXPORTS OF BEEF.

The Argentine Republic has recently passed a law granting a bounty on the export of dressed beef. It is in the form of a guaranty of 5 per cent. for ten years on the capital of companies formed for that purpose, the total capital of such companies being limited to $8,000,000 in gold.

Under the regulations it appears that the entire amount to be guaranteed shall not exceed $8,000,000 of national money; that parties applying for the guaranty for any particular establishment must give full details as to owners, the form of operation, the amount invested, the quantity of meat it is proposed to export annually, estimates of costs per ton, etc.; that all applications for the benefit of the law must be made to the minister of finance; that the largest amount of capital

guarantied in any one establishment will be $1,000,000 and the smallest $500,000; that when two or more parties ask for the guaranty in the same district the wants and particular circumstances of the district will be taken into account, so as to make the privilege as extensive as possible; that where an application is granted the petitioners must deposit the sum of $5,000 in the national bank as a guaranty of good faith on their part; that all establishments which come under the guaranty must present a quarterly account of operations; that a board of inspectors shall be appointed to supervise them.

REFRIGERATOR SHIPS READY FOR THE TRADE.

Consul Baker reports several establishments are now preparing to take advantage of the guaranty thus provided by the Government, and that they are going into the export of fresh beef on a very large scale, with special steamers duly fitted up with all necessary machinery for freezing and stowing their cargoes. They will have warehouses both in England and France for receiving and marketing the beef. The average time of passage of these steamers will be about twenty-five days. It is hardly necessary to add that the Argentines are expecting wonders from the benefits which these bounties will confer upon the cattle industry of the country, and are already anticipating that it will now take a new departure of prosperity.

"How far the Argentines will be able to interfere with the fresh beef shippers of the United States remains to be seen; but, until new methods are adopted here for the preparation of beef for exportation, I do not think that the law will produce any great competition. At present what is known as stall-fed cattle are quite unknown in this country; all bullocks for the market are taken directly off the grass, and, of course, the meat is soft and watery. Until they discover that such meat will not bear profitable exportation, and learn that dry food is absolutely necessary in order to prepare fresh meat for foreign markets, especially for the long distance which it has to be transported, I doubt if the present movement of the Argentine Government for a 5 per cent. guaranty on the exports will have any perceptible effect upon the cattle business of the United States."

ARGENTINE TRADE WITH GERMANY.

The recent development of the trade with Germany is attracting general attention. Its extent will appear from the following table:

Year.	Imports.	Exports.	Total.
1880	$2,365,152	$2,541,828	$4,906,980
1881	3,527,570	4,004,887	7,532,457
1882	4,764,622	4,803,951	9,568,584
1883	7,028,051	4,823,827	11,851,878
1884	8,868,930	6,813,713	15,682,643
1885	7,262,999	8,512,443	15,775,442
1886	8,044,875	6,950,908	14,595,783
1887	12,108,456	9,835,754	21,944,210
1888	29,115,000	13,246,000	42,351,000

This increase is in great part, if not entirely, Mr. Baker reports, owing to the trade methods which Germany some time since adopted with reference to the Argentine Republic, being, indeed, exactly those which years ago I suggested for the adoption of our own country, to wit: First, quick and regular steam communication between the two countries; second, the establishment of branch houses here interested in the sale of German manufactures, and, third, the opening of a German-Argentine bank in this city to facilitate exchange, etc. The lines of goods imported from Germany during 1887 were as follows:

Articles.	Value.	Articles.	Value.
Comestibles and groceries	$1,157,204	Manufactures of iron	$1,252,630
Liquors	686,585	Jewelry, etc	359,593
Tobacco	157,834	Crockery and glassware	628,230
Woven goods	4,530,674	Other imports	1,379,883
Drugs and chemicals	604,262		
Wooden ware, furniture, etc	637,247	Total imports	12,108,456
Paper	724,314		

Included in these imports are 16,725 sewing-machines and 1,074 pianos.

ARGENTINE TRADE WITH BELGIUM.

While the trade returns with Belgium show a gradual decrease in the volume of exports to that country, there has been a progressive increase in the amount of imports from there. These in 1880 amounted to only $2,483,105; in 1887, they amounted to $10,947,955, and in 1888 to $11,117,000. On the other hand the exports, which in 1880 reached to $14,356,458, amounted to only $12,111,531 in 1887. The total volume of trade, however, which amounted to $16,839,565 in 1880 has now reached to $27,799,000. The following are the imports of 1887:

Articles.	Value.	Articles.	Value.
Groceries and comestibles	$1,693,669	Boots and shoes	$373,084
Liquors	474,356	Stone, glassware, etc	352,462
Woven goods, etc	1,952,007	All other articles	830,194
Paper	503,084		
Iron and iron goods	3,974,786	Total	10,947,955
Chemicals	188,373		

Among the imports were 13,198 tons of iron beams and joists, amounting to $527,928, articles which are here rapidly superseding the use of timber in house-building. In the item of woven goods is included ready-made clothing, which amounted to $482,971.

ARGENTINE TRADE WITH FRANCE.

The trade of the Argentine Republic with France shows a most wonderful progression, the amount having more than doubled in the last ten years, while the imports have more than trebled. I give the figures below.

Year.	Imports.	Exports.	Total.
1880	$8,292,872	$16,103,202	$24,396,104
1881	10,279,793	16,654,403	26,934,196
1882	12,186,824	16,398,992	28,585,816
1883	15,418,997	21,041,495	36,460,492
1884	16,785,590	22,518,371	39,303,961
1885	14,545,193	24,164,829	30,710,024
1886	17,002,038	22,342,183	39,344,221
1887	22,743,550	24,871,354	47,614,904
1888	27,781,000	28,141,000	55,922,000

The imports of 1887 consisted of the following lines of goods:

Articles.	Value.	Articles.	Value.
Groceries and comestibles	$3,154,771	Paper etc	$470,781
Wines and other liquors	6,825,544	Iron ware	1,058,012
Woven goods	3,172,902	Jewelry	1,463,085
Ready-made clothing	2,079,555	Other imports	3,998,298
Chemicals, etc	971,705		
Furniture	542,597	Total	22,743,550

ARGENTINE TRADE WITH GREAT BRITAIN.

If the trade with France shows a remarkable progression, that with England presents a still more surprising increase. In the last eight years it has quadrupled, since from $17,272,193 in 1880, it has reached to $51,864,220 in 1887, and $81,397,000 in 1888. In 1880 the imports from Great Britain amounted to only $12,103,460; in 1887 they were $34,779,211; in 1888, $63,700,000. In 1880 the exports to Great Britain were $5,168,732; in 1887 they were $17,085,001, and in 1888 $17,697,000. The imports from Great Britain were as follows:

Articles.	Value.	Articles.	Value.
Live-stock	$200,160	Boots and shoes	$304,548
Groceries and comestibles	1,297,330	Iron and iron utensils	10,088,224
Liquors	476,556	Jewelry, etc	515,717
Woven goods	12,505,481	Glass and crockery ware	860,515
Ready-made clothing	2,150,035	Stone coal	3,854,422
Chemicals and drugs	1,227,134	All other imports	762,620
Furniture	227,587		
Paper	328,890	Total imports	34,779,219

ARGENTINE TRADE WITH THE UNITED STATES.

The trade with the United States has grown, but not in these proportions. The following are the returns:

Year.	Imports.	Exports.	Total.
1880	$3, 224, 743	$5, 126, 440	$8, 351, 183
1881	4, 268, 110	4, 035, 714	8, 323, 824
1882	5, 094, 764	2, 956, 582	8, 051, 346
1883	4, 933, 054	3, 510, 574	8, 443, 628
1884	7, 454, 832	4, 064, 848	11, 519, 680
1885	7, 006, 719	5, 563, 841	12, 570, 560
1886	7, 673, 284	3, 580, 406	11, 253, 690
1887	11, 004, 553	5, 938, 808	16, 943, 361
1888	9, 934, 000	6, 668, 000	16, 602, 000

"Considering how unfortunately our export trade is handicapped," writes Consul Baker, "in lacking all the facilities for a close and intimate intercommunication, without steam-ship lines, without banking advantages, without distinctive American business houses here, the returns for the last year are very satisfactory. The wonder is that the figures are so large. While it can not be said that the trade presents any new features, yet it shows a very considerable increase in its proportions; and while the great bulk of our shipments to the river Plate still consists of crude articles and raw materials of prime necessity which can not be obtained in other markets, the returns show the beginning of a trade in other lines of goods, which promises better things for the future."

The following table presents a comparison of the shipment of leading articles for the last four years:

Articles.	1884.	1885.	1886.	1887.
Turpentine	$34, 430	$25, 152	$48, 933	$110, 546
Starch	49, 448	45, 438	41, 071	42, 879
Agricultural implements	136, 530	611, 002	455, 450	580, 891
Lamps and gas-fixtures	66, 159	86, 596	69, 404	70, 508
Lumber	2, 817, 146	3, 453, 719	3, 352, 620	6, 117, 847
Furniture	92, 517	129, 792	289, 246	248, 396
Cotton goods	178, 178	200, 697	238, 716	366, 695
Hardware, etc	240, 694	226, 073	542, 824	562, 447
Lard	40, 326	33, 731	55, 958	150, 210
Kerosene	866, 741	341, 891	707, 220	1, 109, 540
Railway machinery, etc	834, 168	392, 119	165, 020	248, 940
Drugs, chemicals, etc	62, 355	82, 224	342, 658	369, 118
Hempen and woolen goods	189, 136	165, 534	417, 207	171, 455
Tobacco, etc	208, 420	98, 542	77, 856	100, 703

THE INCREASE IN OUR EXPORTS.

It will be observed that the great increase in our exports has been in lumber and kerosene, the articles for which the Argentine Republic is entirely dependent upon the United States; but the steady growth of our trade in agricultural implements and machinery is deserving of notice. The increase in these lines is entirely owing to the fact that we furnish far better or more serviceable articles than can be obtained

in the markets of Europe; and, after trial, ours are forcing themselves upon the attention of this country in spite of the fact that, owing to superior finish and style, it may cost a little more to put them down here.

"The increase which we have seen in the trade between the United States and the Argentine Republic is not the result of any of the modern methods usually adopted for the promotion of international commerce. On the contrary, whatever development there is has taken place in spite of the fact that we are entirely lacking in all the facilities now employed by the commercial nations of the world for the establishment and maintenance of trade. After many years of persistent discussion," writes Mr. Baker, "we are still as far as ever from even the prospect of steam navigation with the Argentine Republic. Not a single regular merchant steamer arrived here from the United States during the past year, and our trade continues to be dependent upon the slow and uncertain medium of sailing vessels. We are still, also, without any proper banking facilities with the Argentine Republic. All our exchange and commercial business continues to be transacted through English banking houses, thus increasing the charges and complicating the settlement of balances. And worse than all, as I have already stated, we are quite without distinctive American importing houses in this city, our entire trade being thus made to depend, not upon our ability to supply any given line of goods, but upon the question whether it will not pay the importing merchants better to buy an inferior article in Europe rather than a superior one in the United States."

AMERICAN SAMPLE HOUSES.

"The American sample houses, which have been lately established here, are, I believe, doing very well, and exhibit no little energy and enterprise in pushing our manufactures. Indeed, it is in part owing to their effort to procure orders that our imports during the last year have footed up so well, but it is a fact that there is at the present time but a single distinctive American importing house in the city of Buenos Ayres. There are a number of large and wealthy firms that are doing an immense business with the United States, and probably offer our goods on the best terms possible; but they are either English or German houses, whose most intimate connections are with Europe, and which do business with the United States simply because it pays them well to do so."

WHY WE ARE SO FAR BEHIND.

The reason why the United States is so far behind in the trade of the Argentine Republic is found in the following table for 1887:

Arrivals and departures from each country.

To and from—	Arrivals.			
	Sailing vessels.		Steamers.	
	No.	*Tons.*	*No.*	*Tons.*
Germany	41	17,861	151	211,211
Asia	3	2,620	.....	.....
West Indies	4	934	.....	.....
Belgium	31	13,827	130	148,620
Brazil	92	18,956	184	30,990
Canada	44	28,043	.....	.....
Chili	2	529	3	3,758
Spain	48	29,517	43	53,170
United States	316	198,671	7	6,762
France	96	39,370	172	264,968
Norway	7	3,089	.....	.....
Paraguay	247	14,210	1,269	391,217
Great Britain	662	333,719	363	725,333
Sweden	1	59	.....	.....
Uruguay	4,036	294,910	4,186	1,461,948
Italy	20	8,461	99	163,898
Portugal	2	1,565	.....	.....
Other countries	42	6,181	.....	.....
Total	5,694	1,010,731	6,607	3,460,870

The statistics of the arrivals and departures of sailing vessels and steamers at the ports of the Argentine Republic show that of the 5,694 sailing vessels arriving but 74 belonged to the United States, and of the sailing vessels departing but 60 belonged to the United States; the difference of 14 representing the number of sailing vessels which were sold upon their arrival there.

THE STEAMERS OF ALL NATIONS BUT OURS.

But the most significant fact is that in the table of statistics showing the nationality of steamers the United States is blank. Not one steamer bearing the flag of the United States arrived at or departed from the ports of the Argentine Republic during the last year. Buenos Ayres is connected with Europe by seventeen different steam-ship companies, controlling twenty-three different lines. The transatlantic lines are as follows:

From France:

- Les Messageries Maritimes.
- Les Chargeurs Réunis.
- Les Transports Maritimes.
- La ligne Cyprien Fabre et Cie.
- Allan Line.

From England:

- The Royal Mail.
- Allan Line.
- Houston & Co.
- Lamport & Holt.
- The Walford Line.
- The Pacific Steam Navigation Co.
- *Les Chargeurs Réunis.*

From Italy:

- The Rubattino Co.
- The Veloce.
- The Navigazione Generale.

From Spain:

- La Linea Española.
- The Marquis de Campo's Line.

From Germany:

- The Nord Deutscher Lloyd.
- The Süd-Americanische.

During the last year 662 sailing vessels arrived at Buenos Ayres from Great Britain, which is about 13 a week, and 363 steamers, or one for every day in the year except Christmas and New Year's. Two hundred and twenty-one steamers left the Argentine Republic for France during the same year, and 140 for Germany, but only 7 steamers arrived from the United States, and they were all tramps, representing only 6,762 tons.

Nearly every one of the lines of steamers mentioned above are subsidized by the Governments under whose flag they sail, and before the end of the present year there will be at least three more lines established. The travelers and shippers in Europe always have the choice of seven or eight steamers a week for the Argentine Republic, but there is no way to get there from this country except by way of Europe or by the Brazil line, which sails from New York once a month. This is a very strange situation when we consider the fact that the arrivals at the port of Buenos Ayres last year included 6,607 steamers, which is 127 a week, or 18 a day. It is doubtful whether as many steamers arrive at the port of New York or Liverpool, and Buenos Ayres is thus placed in the front rank of the maritime cities of the world.

A VERY CLEAR CASE.

The reason for the commercial estrangement between the United States and the River Plate is thus very plain. Trade is necessarily dependent upon transportation facilities, and the cheaper and more convenient the greater the stimulus to commerce. The company that gives the lowest rates gets the largest cargo. This is the reason why the three great commercial nations of Europe enjoy a monopoly of the South American carrying trade, and it is divided between them in proportion to the encouragement the respective Governments have given to capitalists to furnish transportation facilities. Having produce to sell and produce to buy England, France, Germany, Spain, and Italy have had the wisdom and prudence to encourage private capital by government aid to furnish the ways and means necessary to transact the business. Even the little 7 per cent. of its imports which the Argentine Republic takes from the United States is carried to that country in foreign ships. New York is nearer to the ports of Argentine than Europe, but our total trade, imports and exports, amounted to only $12,544,712, because English, French, German, Spanish, and Italian steamers are so heavily subsidized that they can control freights.

THE HOUSTON CONTRACT.

Last year the Argentine Government entered into a contract with Mr. Robert P. Houston, of England, by which, according to an English newspaper which I quote:

The latter agrees to construct ten steamers of at least 4,000 tons burden and 16 knots per hour each, to ply between the north of Europe and the ports of the Argentine Re-

public, and four steam launches for emigrant service in Europe. Also four steamers to ply between the United States and the ports of the Argentine Republic.

The principal conditions of the agreement are the following: The Government of the Argentine Republic guaranties a loan of 5 per cent. per annum on $5,750,000 for the European service, and 5 per cent. per annum on $1,800,000 for the United States line. The contractor for the European service agrees that these steamers shall always fly the flag of the Argentine Republic, and that in case of war the Government shall have the option of buying them at a sum not greater than their original cost. Exceptionally good accommodations are to be provided for emigrants, who shall come from England, Sweden, Norway, Germany, Denmark, Netherlands, Belgium, France, and any other country indicated by the Argentine Government.

In case the revenues of the contracting company exceed 5 per cent. it will refund to the Government from this excess the sums which it has received as guaranties, and in case the revenues reach 10 per cent. the excess is to be divided between the Government and the company. The guaranty terminates at the end of eighteen years.

It is stipulated that in going from Europe the steamers must not call at any port except Montevideo and places where it is customary to take coal, but on the return trip they may call at any port. One of the steamers must arrive in the Argentine Republic at least once a week. Passengers and freight rates are to be fixed by an agreement between the Government and the company. The company also agrees to furnish each steamer with a refrigerator capable of holding at least three thousand dressed sheep or an equivalent amount of beef. The service will commence in February next, and by the following November all the steamers must be running.

The United States service will be performed under very similar conditions as the European service, except that this service will begin within six months from January last, and that no refrigerators are required to be placed on these vessels.

For some reason which has not been explained Mr. Houston has failed to carry out his contract, but it is said that he expected to secure an additional subsidy from the United States when he undertook this contract.

COST OF MAINTAINING A LINE.

It is estimated by those familiar with the cost of maintaining a line of steamers between the United States and the Argentine Republic that a subsidy of $20,000 for each round trip would be necessary to secure them against loss. The Argentine Republic, with only a population of 4,000,000, would be willing to pay half of this sum if the United States Government will pay the other half.

OFFER OF THE ARGENTINE GOVERNMENT.

The Argentine Government, understanding the importance of a line of steamers between this country and the United States, and anxious lot contribute to its establishment, issued a decree so far back as 1865 granting a subsidy of $20,000 a year to the first line that would solve the problem. This sum not being found adequate to meet the expenses of a regular line of steamers, at least until the traffic between the two countries had assumed larger proportions, the law remained a dead letter. During the administration of General Sarmiento the matter was again taken into consideration without its leading to any results, and it was only during the last year of the presidency of Dr. Avellaneda

that an American company volunteered to make a contract to establish monthly steamers against a subsidy of $100,000 a year. The executive power sent a message to Congress to this effect, but it was never discussed; the actual President, General Roca, renewed its request to Congress, which is still in abeyance.

STEAM-SHIP COMMUNICATION WITH THE UNITED STATES.

Translated from the message of the executive power in 1879 to the National Congress of the Argentine Republic.]

To the honorable National Congress:

It was always a persistent design of the public powers of the nation to establish the direct navigation between the ports of the Republic and the United States, in order to thus complete our system of exterior communication.

In 1865 the Congress passed a law granting a subsidy for this object.

The President, Sarmiento, announced in one of his annual messages that this subsidy would at last be applied, and the actual administration renewed for two years this business, asking Congress to augment the subsidy granted, and which had proved insufficient, when all was suspended, because the company that has undertaken this enterprise could not obtain from the United States Senate the pecuniary auxiliary that was indispensable for its attempt.

For the first time, after an expectation so long delayed, a responsible company directed by the firm that constructs vessels of the best reputation in the United States, and it has conditions to realize the communication that has been sought with so much reason.

The executive power considers it useless to dilate on the considerations upon the advantages of a direct communication with the most powerful, commercial, and free nation that has best realized the forms of government that we have accepted, following precisely its example. This other market that opens itself is a new interchange for the men, the ideas, and the products.

But the conditions of the enterprise are onerous, and the executive power complies with its duty in submitting to the honorable Congress in order that it resolve itself upon the subject.

The enterprise asks 10,000 francs monthly, and the maintaining of this subsidy for ten years. After divers conferences with the minister of the interior it has reduced its conditions to 100,000 francs per annum, the subsidy lasting seven years.

The executive power incloses with this message all the antecedent writings of the business.

May God guard the honorable Congress of the nation.

N. AVELLENADA.
B. LORRILLA.

PROPOSITION OF THE COMPANY.

The Argentine Government, in view of the services which this line lends, that will be the first step in uniting the Republic with the grand North American Continent, will pay to Messrs. John Roach & Son the sum of $8,000—eight thousand hard dollars, gold—for every round voyage for the term of eight years, paid on the return of each steamer from the round trip, with a corresponding receipt from the administration of post-offices on its having duly delivered the mails.

The steamers will be subject to the laws and ordinances that exist in the Republic for steam-packets; they shall carry the correspondence of the Argentine Republic to whatever point at which they touch without any remuneration; making a rebate of 33⅓ per cent. in prices of passage of the immigrants, and 50 per cent. on the passage of each employé of the Government who can justly show that his voyage is on account of the Government. They will also make a rebate of 25 per cent. on whatever freight they may carry on behalf of the Government, such as materials of war, etc.

MESSAGE OF THE PRESIDENT.

Translation from the message of the executive power to honorable National Congress of the Argentine Republic, 1882.]

To the honorable Congress of the na ion:

Our commerce with the United States of North America has taken a favorable development that it is convenient to encourage by means of the establishment of a regular line of communication.

This necessity has been felt since some time past, and a law of 1865 destined the sum of $20,000 (fuertes) to subsidize the first line of steamers that was established between the ports of Buenos Ayres and New York. The executive power does not believe it necessary to enlarge in considerations upon this subject, that, if promptly favored, is bound to influence in a most powerful manner the national commerce.

The interests of our country will be benefited by a more intimate contact with the great producing and manufacturing nation of North America, in whose markets the Argentine products will find easy and abundant collocation.

An enterprise has solicited of the executive power its consent for a subsidy with the object of establishing this line of communication, and he remits to your honorable body the petition presented by it.

In view of the preceding considerations, the executive power solicits of your honorable body the sanction of the accompanying project.

May God guard your honorable body.

ROCA.
BERNARDO DE IRIGOYEN.

The Senate and House of Deputies, etc.:

ARTICLE 1. It authorizes the Executive power to grant a sum not exceeding ninety-six thousand dollars (fuertes) annually, the subsidy offered by the law of the 18th of August of 1865 to a line of steam navigation between the ports of Buenos Ayres and New York.

ARTICLE 2. Communicate, etc.

IRIGOYEN.

I am tempted to make some further extracts from the last report of Mr. Edward L. Baker, United States consul at Buenos Ayres, who has no superior in the service and whose dispatches to the Department are unequaled in their interest and importance. Speaking of the progress of the country, he says:

PEACE AND PROGRESS.

What greatly adds to the business impulse and spirit of development which nowadays more than ever characterizes the people, is the political quiet which pervades the country. Revolutions and attempts at revolution are matters of the past. All through the extent of the Argentine Republic the guaranties of the constitution now have the sanction of the people and the laws are permitted to be peacefully executed. Labor is more and more respected and honored, and capital finds ready investment with more confidence than ever before. No one any longer thinks of or fears internal commotions or civil disturbances. The Argentine citizen's love of country no longer manifests itself by trying to get forcible possession of the Government, but rather by seeking to increase the wealth and production of the Republic.

THE ARGENTINE POPULATION.

It appears from recent investigations by M. Galarce, a French writer, that there are 257 English houses in the city and 402 German. The

English capital employed aggregates $121,952,000, the German $16,610,670. The Italians outnumber all other foreign nationalities, even surpassing the Argentines themselves. The following figures show it: There are 7,729 Italian firms doing business, with a capital of $150,584,730; Argentine, 1,357 firms, with $241,766,550 capital.

As traders and merchants the Spanish far outnumber the French, the Spanish numbering 2,223, with $74,031,930 capital; the French 1,870, with a capital of $32,840,640. The French monopolize the cafés and bazars; the Spanish the more substantial grocery and general supply trade. Jewish merchants are almost unknown here. United States investment in trade figures very low indeed, amounting in all to but 26 business places, with a capital reckoned at $2,189,900.

In capital the Argentines stand foremost, the Italians next, and the English third; but as regards numbers the Italians are first, Spanish second, French third, Argentines fourth, Germans fifth, and the English sixth. So it appears, while the English stand sixth in number they stand third on the list of capitalists. The Germans not only outnumber the English, but with much less capital transact far greater business. Mr. Galarce accounts for this result quite sensibly—that the Germans act on their own volition according to emergencies, while English enterprise is conducted more cautiously by trading syndicates abroad, chiefly located at Manchester and Liverpool. The Germans are driving the English steadily and surely; they feel it themselves and realize they must go or change their tactics. Our traders, more energetic, less timid, and thoroughly progressive, could hold the Germans in check, but the English are too conservative in their present mood to go through the struggle successfully.

THE ENORMOUS IMMIGRATION.

In a recent dispatch to the Department of State, Mr. Hanna, the United States minister at Buenos Ayres, said:

The immigration from European countries to these shores, hitherto chiefly Italian, Spanish, and French, is now rapidly setting in from other quarters—England, Scotland, Ireland, Holland, and Germany. It is marvelous, indeed, in what great numbers they are arriving. This element of new-comers will work a great change in agricultural development.

All this immigration is assisted by the Government by payment of the passage of the immigrants. In this way they are easily persuaded to leave the overdone Old World for the brilliant outlook of New. The amount the Argentine Government paid last month for immigrants' passage is reckoned at $500,000. This, kept up throughout the year, would reach $6,000,000. Already this vast influx is beginning to tell on the volume of grain exports. Last year the country shipped 445,000 tons of corn; this year it will go above 2,000,000 tons. In addition to the vast sum paid out by the Government in the encouragement of immigration there is another great outlay. The Government lands the immigrant, keeps him and his family some days at the Immigrants' Hotel, pays his passage in river steamers and on railroad trains to reach the colonies or join the farms or estancias where employment has been secured for him. This probably costs the Government fully as much more as the cost of the ocean passage, say $12,000,000 in all, paid in encouragement of immigration in one year alone.

In the vast fleet of merchant ships and great steamers coming here to trade from every European port the United States flag is rarely seen, but it is hoped and believed that the policy of the new administration on the subject of an encouraged steam navigation between the United States and the South American ports will successfully solve this embarrassment.

POPULATION OF BUENOS AYRES.

The population of Buenos Ayres on the 15th day of September, 1887, when the census was taken, reached 433,375, and the growth since has been greater than before.

The growth of population and trade is shown by the increased business transacted by the postal service, the increase in letters during the last five years being more than 92 per cent., in printed matter over 151 per cent., and in telegrams about 60 per cent. In 1884 17,427,431 letters passed through the Argentine post-office, and in 1888 the total was 33,554,841. In 1884 10,625,218 packages of printed matter passed through the post-office, and in 1888 27,974,999 packages.

THE RAILWAY SERVICE.

The statistics of the railway service show a similar increase. In 1878 the railway systems traveled 2,261 kilometers, and in 1887 it reached 7,415 kilometers. In 1878 the number of passengers carried was 2,644,022, and in 1887 8,229,150. In 1878 31,823 tons of merchandise was carried, and in 1887 3,732,709 tons.

There continues to be a great movement through the Argentine Republic in the construction of railways. So great are the number of new concessions granted by the national Congress and by the different provincial legislatures, that I find it impossible to name them all. Up to the meeting of the last Congress there were national concessions for several different lines, of which thirteen enjoy the guaranty of the government. These guarantied lines represent a total length of 7,961 kilometers (4,975 miles), and the aggregate length of the other lines 1,272 kilometers (795 miles), making a total of 5,770 miles.

The last session of the Argentine Congress, in response to the recommendations of the President, made a very firm stand against the granting of any more charters or concessions with government guaranties; and the fact that numerous applications were made for new lines without such guaranties shows that the condition of the country is now so promising, that capital is ready to embark in such enterprises without government aid.

THE BANKS OF THE ARGENTINE REPUBLIC.

A dispatch, dated the 26th January last, has been published from Mr. G. Jenner, Her Majesty's charge d'affaires at Buenos Ayres, inclosing a translated abstract of an article which appeared in the Buenos Ayres Handels-Zeitung, giving a brief account of the banking and other

financial companies at work in the Argentine Republic. The following is a copy of the translation in question:

The following is a list of the national and provincial banks of the Argentine Republic, with the authorized, but not the paid-up, capitals, as the latter can not as yet be ascertained with complete accuracy. The majority of these banks, as is already known, are of quite recent foundation, having sprung into existence in accordance with the provisions of the free-banking act of 1887. Under that act large additions have been made within the last few months to the capital of all those already in existence. In the case of the national bank, the central government is a large shareholder, and most of the provincial governments hold a considerable number of shares in the bank of their respective provinces:

	Capital (paper dollars).
Provincial Bank of Buenos Ayres	50,000,000
National Bank	43,273,400
Provincial Bank of Cordova	25,000,000
Provincial Bank of Santa Fé	20,000,000
Provincial Bank of Salta	10,000,000
Provincial Bank of Entre Rios	9,000,000
Provincial Bank of Tucuman	6,000,000
Provincial Bank of Santiago del Estero	6,000,000
Provincial Bank of Mendoza	5,000,000
Provincial Bank of Catamarca	5,000,000
Provincial Bank of Corrientes	5,000,000
Povincial Bank of La Rioja	4,000,000
Provincial Bank of San Juan	3,000,000
Provincial Bank of San Luis	2,500,000
Total	193,773,400

Next to the State banks are to be considered the joint-stock banks, which are divided into two classes; first, those whose nominal capital is in gold, as below:

	Capital (gold dollars).
London and River Plate Bank	10,080,000
Santa Fé Territorial and Agricultural Bank	10,000,000
River Plate Society of Bills, Loans, and Agency	6,300,000
English Bank of the River Plate	5,040,000
English Bank of Rio de Janeiro	5,040,000
French Bank of the River Plate	3,000,000
Bank of Italy and the River Plate	3,050,000
German Transatlantic Bank	1,250,000
Total	43,760,000

And, secondly, the far more numerous class, mostly of recent establishment, whose nominal capital is computed in paper dollars as follows:

	Capital (paper dollars).
The River Plate Agricultural and Commercial Bank	20,000,000
Building Bank of River Plate	20,000,000
Mortgage Bank of the Capital	20,000,000
South American Bank	10,000,000
Stock Exchange Bank	10,000,000
Territorial Bank of La Plata	10,000,000
Mercantile Bank of La Plata	8,000,000
Argentine Colonization Bank	8,000,000
Bank of Spain and Rosario de Sante Fé	6,000,000
Credit Bank	5,000,000

	Capital (paper dollars).
New Italian Bank of River Plate	5,000,000
National Colonization Bank	5,000,000
Commercial Bank of La Plata	5,000,000
Industrial and Commercial Bank	5,000,000
Commercial Bank	3,000,000
Spannish Bank of the River Plate	3,000,000
Bank of Buenos Ayres	3,000,000
Building Bank of Cordova	3,000,000
Industrial and Building Bank	3,000,000
Real Property Bank	2,000,000
Popular Colonization Bank	2,000,000
Argentine Bank	1,085,000
Bank of Recoveries and Loans	1,000,000
Building Bank of Santa Fé	1,000,000
Discount Bank	1,000,000
National Credit Bank	1,000,000
Total	161,085,000

TOTAL BANKING CAPITAL.

The joint capital of the banking institutions of the Argentine Republic, therefore, amounts to about 420,000,000 paper dollars (or about £56,000,000), viz:

	Dollars.
State banks	193,773,400
Private banks (with gold capital)	65,000,000
Private banks (with paper capital)	161,085,000
Total	419,858,400

If we put the average net return of these establishments at only 12 per cent. the amount of annual profits would be about 50,000,000 paper dollars (about £6,660,000). The foregoing figures are, moreover, constantly subject to increase, not only owing to the foundation of new companies, but also to the development of the existing institutions.

THE OPINION OF AN EXPERT.

There is no man in the United States more familiar with the Argentine Republic, its conditions, and its commerce, than Mr. William H. T. Hughes, of the firm of James E. Ward & Co., New York City, and he, in reply to a series of inquiries addressed to him, writes as follows:

NEW YORK, *September* 12, 1889.

MY DEAR SIR: In reply to your favor of the 29th of July last, which I must apologize for not answering before, I would repeat what I verbally said to you some time since, that, as regards Brazil, our mutual friend, Mr. Charles R. Flint, is much better able to give you information than I am. As to the Argentine Republic, I had intended to answer your letter more fully than I shall be able to, but, owing to press of business, it has been impossible for me to give it the required time.

OUR EXPORTS TO BUENOS AYRES.

In reply to your first question, I would say that the exports from the United States to the Argentine Republic consist of all classes of agricultural implements, all kinds of hardware, lumber in every sense of the word, white pine, pitch pine, oak, ash, wal-

nut, and spruce, petroleum in all its products, rosin, lard, starch, cotton duck, and dry goods generally to a smaller extent, canned goods of every description, and a list of smaller commodities altogether too numerous to mention. These goods are produced all over this country, and, of late years, there has been included in the exports of lumber quite a quantity of Oregon pine, which seems to be growing in favor, as the exports of the same are increasing. The agricultural implements, such as mowers, reapers, plows, etc., are largely manufactured in the West and Northwest, and much of the lumber exported also comes from these regions. A large part of the white pine that is shipped from ports in the United States to those of Uruguay and the Argentine Republic is really the product of Canada.

In answer to your second question, I would say that there has been a marked increase in our commerce with the Argentine Republic and Uruguay in so far as exports are concerned, and the increase in the last few years has been largely in the variety of articles exported. The reason for this increase I would ascribe in a great measure—beyond the natural one of the increase of population of those countries, which you are well aware has been very considerable—to a somewhat better disposition on the part of our manufacturers to adapt themselves to the wants and requirements of our foreign trade; and what is most needed to increase this business is that our manufacturing interest should learn that it is absolutely necessary that they should make the goods as our customers want them, and not endeavor to make our customers adapt themselves to the goods.

In answer to your third question, I would say that all our imports from the Argentine Republic and Uruguay, with very few exceptions, so few that they are hardly worth attention, came in foreign sailing vessels, principally English, and they are paid for with credits on London. As to the percentage that comes on American ships, I have not the figures before me to give them exactly, but from a general knowledge of the business, I should say not one-quarter.

THE MEANS OF TRANSPORTATION.

In answer to your fourth question, I would say that the exports of the Argentine Republic and Uruguay go almost entirely in sailing vessels, the proportion of American to foreign ships being about the same as given in my previous answer. The proportion of our exports carried on steam-ships, until within a few months, is absolutely none. Within the last few months I have made an attempt to work up a steam-ship business, but have been obliged to do it entirely with English tramps, there being no regular line whatsoever. A great many goods, especially of the more expensive class, such as dry goods and the like, are sent to Uruguay and the Argentine Republic by way of Europe, the English, French, and German lines all issuing through bills of lading, via Europe, at a very slight advance in rates from what is charged from here by any steamer going direct. All the principal lines running from Europe to Uruguay and the Argentine Republic, many of which touch at Brazil on the way up, are subsidized by the respective Governments.

A line of very fast steamers has lately been started from Genoa, subsidized by the Italian Government.

THE QUESTION OF PRICES.

In answer to your fifth question, I would say that as far as a comparison of the prices of the principal articles exported from the United States to Uruguay and the Argentine Republic is concerned, our goods, especially when quality is taken into consideration, are cheaper than those exported from Europe of a like character. One great difficulty is to get our manufacturers in many lines to make cheap enough goods for the requirements of the trade. The merchants of Uruguay and the Argentine Republic can, as a rule, buy manufactured articles as cheaply in the United States as they can in Europe, but they can not obtain the credit that they can in Europe, and as we have no direct banking facilities, our manufacturers and commission mer-

chants here can not do as well for them in the way of time as their opponents in Europe. Any shipper of standing in Europe can ship his goods and go with his bill of lading to any of the many banking establishments doing that business and get his draft against the receiver cashed without any difficulty, whether it be drawn at sixty or ninety days, or six months.

In answer to your question as to what extent do the manufacturers of the United States produce articles especially adapted to the trade, I would add to my previous remarks that may apply to the question that they do not make them to the extent that they might, the reason being, as I have stated before, that they wish the people of the countries south of us to adapt themselves to what they make, rather than to make their goods adapted to the wants of these people, and here is where our Spanish-American commercial union, about which you know, will do a great work, if it can succeed in educating the American manufacturer as to the wants of our southern neighbors.

RECIPROCITY TREATIES.

In answer to your sixth question, I would say that I am not sure as to the tariff on breadstuffs and provisions of the Argentine Republic or Uruguay, as they are so seldom shipped from here that I have not paid any great attention to the matter. As a rule, the duty in both these countries is high, the free trade monomaniac not having been able to get in his work, and the people generally being believers in protection. Refined petroleum pays a duty of about $1.10 per case of 10 gallons; white pine about $3 per 1,000 feet, reduced to our money; hard wood pays from $12 to $13 per 1,000.

I fully believe that reciprocity treaties could be negotiated with all the South American countries if the proper means are taken to do so, and that we could thereby bring up the raw material produced in those countries and re-export them in manufactured goods. I do not know of the Argentine Republic or Uruguay having any treaty which would prohibit them from discriminating in favor of the United States, and, if we would only go half-way and extend the hand of friendship to them by opening up communication with them and letting them believe that we desire to treat with them, they would be only too delighted to extend their business relations with us.

If the duty were taken off, say, our staple products, such as petroleum, lumber, and the like, in Argentine Republic, it would result in a large increase of the business, and the only way, in my opinion, to bring this about is by reciprocity treaties, and the establishment of direct, rapid, and frequent communication by steam.

THE LUMBER TRADE.

In answer to your seventh question, I would say that the exports of lumber from the United States to the river Plate territory reach very close to 150,000,000 feet per annum, say about 60,000,000 feet of white pine, a like quantity of pitch pine, about 40,000,000 feet of spruce, and about 5,000,000 feet of hard woods of other kinds. In so far as the other lumber-producing nations are concerned, we have very little competition waged against us, the principal one being the exports of Baltic pine, which is a species of spruce. The exporters in those countries do not enjoy any special advantages over us.

The eighth question that you ask me can be better answered by some of the delegates which you will have at your conference than I can answer it.

If a common coin, be it gold or silver, would be adopted that would circulate anywhere on this continent, I am satisfied that it would be a great assistance to commerce.

In answer to your ninth question, I would say, in so far as the Argentine Republic and Uruguay are concerned, their customs regulations and methods of appraisement are very simple and fair, and there is no system of fines or penalties in their ports

that are not met with everywhere, their Governments, as a rule, doing everything in their power to avoid any complications or unfriendly acts to foreign vessels visiting their ports.

TRANSPORTATION LINES THE FIRST CONDITION.

As regards my opinion generally, which you ask, I would say that if your coming congress will simply show to the nations represented there that this Government, or our people, desire to extend their relations, any or all of these Governments will only be too glad to take any action in their power which will bring about such a result; but unless some action is taken by your congress which will lead to the bringing about of the necessary steam communication between these ports and ours, it is absolutely useless to think of extending our business in any way near the proportion that it can be extended.

Take as an example our business with Mexico. Since the establishment of the railroads and regular rapid steam-ship communication, it has been steadily increasing. One great advantage that the Germans, English, and French have over us in those countries, and it is no small one, is that they send their sons and establish them in these countries. It is only natural that a merchant in a foreign country should prefer to import the products of his native land to those of a foreign country.

Your trip through South America, a few years ago, will have shown you very plainly how rare it is to find an American house in any of the cities of South America of any prominence or standing.

Another very important point in the dev elopment of our trade is that our consular and diplomatic service in all these ports of South America should be greatly improved; and if these people are to judge of us by the representatives that we have heretofore sent them they must certainly think that we are not a desirable people to deal with.

A BETTER ACQUAINTANCE NECESSARY.

I believe that, were a regular line of first-class steam-ships started to ply between New York and Uruguay and the Argentine Republic, within five years our business with these countries would very nearly have doubled; and if we could negotiate reciprocity treaties with them, whereby their wool would be admitted free to this country in exchange for the admission of our staple articles and manufactures free at their ports, I believe that it would quadruple in the same time. An experience of over twenty years in New York as a commission merchant doing business with these countries, has proven to me that the way to increase our business is to get those people to visit us. I have never known a single instance where one of their merchants with whom I have been doing business has come on here wherethe business with that firm has not increased in a marked manner. As we are to-day situated, they can not come here, except at considerable inconvenience, coming around by way of Europe, and making the trip a long and tedious one; whereas, if we had direct rapid steam communication, we would turn the line of travel from these ports of Europe to ourselves, and it would result in an immense benefit to our commercial relations.

Again apologizing for not having answered your letter before, and regretting that I am not able to do it at the length I should have wished, and with my heartiest wishes for the success of your congress and the enlargement of our trade with the countries south of us, believe me, my dear sir, very sincerely, yours,

WILLIAM H. T. HUGHES.

WILLIAM E. CURTIS,
Special Agent, Department of State, Washington, D. C.

OBSERVATIONS OF AN ARGENTINE.

Señor Adolfo G. Calvo, consul-general of the Argentine Republic at New York, in a recent interview with a reporter of "export and finance," said:

So far as the Argentine Republic is concerned, there is a brisk and lively demand for American manufactures, and this demand is yearly increasing. The demand consists chiefly for agricultural implements, and it is safe to say that the United States can not ship into the Argentine Republic more of this class of machinery than there will be found a brisk demand for. Want of direct communication, as has been pointed out by your paper, is a great drawback to the development of this trade, and in fact of any extensive trade between the Argentine Republic and the United States. To get direct communication, we are obliged to ship goods from here by a sailing line owned by Norton & Co., except when an old tramp steamer comes along and can be chartered. We ship considerably by the United States and Brazil Steam-ship Company to Rio, but, of course, you know that is not direct communication, as the goods have to be transshipped at Rio on to English, French, or German steamers that connect with the Argentine Republic. Sometimes we ship goods to Liverpool or to Hamburg from New York and reach our country with American goods in that roundabout way.

THE QUESTION OF TRANSPORTATION.

It is not the fault of the Argentine Republic that direct communication with the port of New York does not exist. Our Government agreed to subsidize the Houston Line from this port to Buenos Ayres, giving it a gross sum of $100,000 and 5 per cent. on the capital invested in the line for a term of years. The only provision made was that the United States should give an equal amount of money to start the line. Our Congress voted this money in 1887, but the United States would give nothing, and so the project of a direct line fell to the ground. The agreement was, so far as our Government was concerned, that the line should have at least four vessels of over 4,000 tons register, and that they should carry a number of young lads as naval cadets, sail under the Argentine flag, and have a speed of not less than 16 knots an hour.

This project of course is now at an end, but we have a contract with a Mr. Vasquez, who represents an American syndicate, to establish a line between us and Bordeaux, France, the vessels of which will be subsidized by the Argentine Government, will sail under its flag, be capable of being converted into war cruisers at a short notice, and will have a speed of not less than 20 knots an hour.

RECIPROCITY TREATIES.

As to the matter of reciprocity, it is one that concerns the Argentine Republic very seriously. We want the United States to take its present heavy tariff duties off of our wool. We think this is only just to us in view of the fact that wool-growing is one of our most important industries. Why, Buenos Ayres alone has 100,000,000 sheep, and from that fact you can judge how very important this matter is to us if we are to find an export market in the United States.

Outside of agricultural implements, there is a class of goods manufactured in the United States that is absolutely at a premium in South America. I allude to your furniture. In design, in workmanship, and in finish, it is perfectly unique, and far surpasses anything that is imported from Europe. It can not be equaled. Among other manufactures, as you can see by the manifests I have here, there is a pretty good trade in electrical machinery and appliances, hardware, stationery, and notions, between the United States and the Argentine Republic.

American goods are not too good for the Argentine market, because the people of the Argentine Republic, like the people of the United States, are rich, and want to get good things, even though they have to pay good prices for them.

ENORMOUS INCREASE IN WEALTH.

The extraordinary increase in the wealth of the people of the Argentine Republic can hardly be estimated by outsiders, but two personal examples will give you an idea of the boom that Republic is enjoying. Three years ago, when I was in Buenos Ayres, I paid a man for taking care of my horse the sum of $24 a month. Three months ago I met that man in Paris, taking in the Exposition, and worth $300,000. You ask me how he made the money? Simply by speculating in real estate. A young man whom I knew at the same time as a clerk in a bank was pointed out to me on the streets of Buenos Ayres as a millionaire. "No," I said, "he is not a millionaire, he is only a bank clerk." The reply was, "It is easy to see you have not been here for the last few years, or you would know he is now a capitalist, and worth a good deal over a million dollars." He made this money, too, in real estate speculation. That real estate speculation is a pretty good thing in the Argentine Republic you can see at a glance when you reflect that the monthly immigration into the country is from fifteen to twenty thousand, and that from January the 1st to June 1st of the present year 156,000 people have been landed on our shores.

In regard to the question of subsidies, I am thoroughly in accord with the views of your paper. No direct line between the United States and the Argentine Republic could pay expenses until at least three or four years after it had been established. Therefore I consider that it would be only right and proper for your Government to liberally subsidize steam lines to South American ports, reserving to itself the right of withdrawing such subsidies or reducing them when the lines became profitable to the companies running them.

THE INTERNATIONAL CONGRESS.

I consider that the approaching Pan-American Conference will be of the greatest advantage to all the Spanish speaking peoples of South America. I regret to see that a few papers published in the Spanish language in this city, and in other parts of the United States, are trying to belittle the work which the Conference is designed to accomplish. It is well, however, that the American people should understand that these papers do not represent the feelings of the Spanish-American people. These papers are Spanish. They are not American. And it would be as absurd for us to think that they would approve of a movement designed to create a strong fraternal feeling and an increased commercial intercourse among the peoples living on this continent of America as it would be to dream that England would hail with joy the supremacy of the United States once more upon the ocean. Just as the people of England will never really forgive the people of the United States for winning their independence from her, neither will Spain ever forgive the Spanish-American peoples for winning their independence in the same manner. If you want to understand the true sentiments of the Spanish-American peoples as regards the Congress, you must read our own papers and not the papers published in the interest of the Spanish Government.

XIII.

THE COMMERCE OF URUGUAY.

The total commerce of Uruguay during the calendar year of 1888 was $57,485,702, of which $29,477,448 were imports and $28,008,254 were exports. The commerce of Uruguay, like that of other South American countries, is expanding rapidly, as the following table will show:

Year.	Total.	Year.	Total.
1864	$14,718,873	1880	$39,231,069
1870	27,782,393	1884	51,045,257
1874	32,426,455	1888	57,485,702

The exports of Uruguay are entirely raw products, with the exception of cured beef. The imports are exclusively manufactured merchandise, and the increasing consumption of the people is shown by the rapid increase during the last twenty-five years. In 1864 the imports were but $8,384,167; in 1874 they had increased to $17,181,672, in 1884 to $25,414,238, and in 1888 to $29,477,448.

In proportion to its population Uruguay has a larger foreign commerce than any other nation on the globe.

RESOURCES OF THE REPUBLIC.

Its resources are enormous. There is no other country more productive, and in none can a greater amount of profit be derived from the same amount of capital and labor. The country is a rolling prairie, the soil a black loam, the landscape is nearly treeless, except where groves and orchards have been planted, and it resembles the fertile sections of Indian Territory or southern Kansas.

The wealth of the country is almost entirely in wool, hides, and the various parts of the beef, reduced to the most condensed form. Fraybentos, on the Uruguay River, a port admitting ocean steamers, is the site of one of the largest slaughtering establishments in the world, the Liebig Extract of Beef Company, an English corporation with $2,500,000 capital, which has been doing business there for twenty-five years, and declaring an average dividend of 20 per cent. annually.

The sheep industry of Uruguay is no less important than the cattle, and the largest article of export is wool. The most of it is sent to France and Belgium, but a considerable quantity comes to the United States.

THE IMPORTS OF URUGUAY.

The imports of Uruguay are furnished mostly by England, Germany, and France; England having the lion's share. Of the articles imported into the country cotton goods and other wearing apparel stands first, wines and provisions second, and the manufactures of iron and steel third; but being a country without manufactures the people are compelled to import every little article that enters into their daily life.

All that has been said concerning the steam-ship question in the chapter devoted to the Argentine Republic may be applied to Uruguay, for her capital and principal seaport stands immediately opposite Buenos Ayres, across the Rio de la Plata, about the same distance as Cleveland from Detroit. The trade relations between the two cities are very close, and all the steam-ships for Buenos Ayres stop at Montevideo both coming in and going out of the Rio de la Plata.

The Government of Uruguay would willingly enter into a commercial treaty with the United States provided her wools could be admitted free into this country, and during the visit of the South American Comsion to Montevideo in 1885 the President of that Republic assured it that he would gladly join in any arrangement with the other South American nations that would result in the issue of an international coin.

NO OBSTACLE BUT LACK OF TRANSPORTATION.

There are no obstacles in the way of our commerce with Uruguay except the lack of steam-ship communication and the absence of banking facilities. American goods are popular there as in other countries. The people are highly educated, refined in their tastes, and extravagant in their expenditures. The cost of living is less than in almost any other country, while the profit of labor is greater, and therefore the people are enabled to spend more than the ordinary proportion of their incomes for articles of comfort and luxury.

Señor Don José Marti, consul-general of Uruguay at New York, in a recent interview with a reporter of Export and Finance, said:

OUR WANT OF FAITH IN THE PEOPLE.

In my opinion, the reason why trade is not larger between the United States and the Republics of South and Central America, is that American merchants have shown a want of faith in our people that is not displayed by those of either England, Germany, or France. The Spanish-Americans are a highly sensitive people. Nothing can alienate them more than to make them feel that you believe that they can not be fully trusted in every particular. American merchants have failed to recognize this quality of the Spanish-American race. The truth is they have been so ill instructed that they have imagined that we all are semi-barbarians, a mixture of Spanish, Indian, and even negro blood. They have done nothing, or next to nothing, to develop the

resources of any one of the South American countries. On the other hand, England, Germany, and France have poured their capital into every country of South and Central America. They have lent us large sums of money; they have developed our resources, and they seem to be only too anxious to find any and every opportunity to engage in new industrial projects. The South American people are not ungrateful, and years of experience have taught them to fear nothing from the European countries and to be grateful for many advantages they enjoy by their intercourse with them.

POPULARITY OF AMERICAN GOODS.

As a matter of fact, however, so far as sentiment is concerned, all the Republics of South America look on the United States as being their friend, and this country has been alluded to proverbially as the "Mother of Republics." This sentiment would induce a large increase of trade if the United States was in a position to afford the same facilities to South American buyers as are afforded by European countries. Of course, sentiment will not make a man buy inferior goods at a higher price when he can get better goods at a lower price. It would be absurd to expect this.

Now, as to the means to be taken to improve trade relations with South America and Mexico, I would say that certainly direct communication by steam-ship lines is highly desirable, and that the policy pursued by England and other countries in this regard will have to be followed in order to place goods from the United States as cheaply in the foreign market as those of European countries. We must do something on the lines which have built up the trade of Europe with South America in order to become an active competitor.

THE QUESTION OF RECIPROCITY.

As to this question of reciprocity, it is one which no doubt will be carefully considered in the coming Congress. I think that it should be based on trade already existing and not on political considerations. What I mean is, that politics, or even the suspicion of politics, should not be allowed to enter into the discussions of the Congress or any action which might be subsequently taken by treaty growing out of its deliberations. It has annoyed me very much to observe that some papers and a few individuals have been endeavoring to alarm the South American Republics with the idea that the United States is trying to compel them to trade with this country, as being their natural market to buy in, and with alluding more or less vaguely to some occult designs in trade by the United States against their commercial independence. This is altogether wrong, and the only effect it can have, if it should become generally believed in by the South Americans, would be to destroy the sympathy for the United States that I previously spoke of, and if such a change was brought about there would be no hope of an increased commerce.

INCREASING TRADE WITH THE UNITED STATES.

As regards the trade of Uruguay and the United States, it has been growing greatly within the past few months. A large quantity of wheat and flour has been shipped from here to Uruguay, due to a failure of the crop in that country. There has been a revival in the trade also of agricultural implements. It is a fault among American exporters that they have a tendency to overflow the market. Two years ago they sent down a large stock of these agricultural implements to Uruguay, and it is only now that that stock had to be replenished. There has also been a considerable trade in lumber, hardware, and patent medicines. A beginning has been made in exporting American beer into Uruguay, but the quantity shipped has not been large, and in fact it is only an experiment.

I will add in regard to the long credits given by European merchants that they are not given to every one, but are the outcome of a sure knowledge of the people they are trading with, for in some republics a man's credit is better than in others. The English have made a special study of the credit system in South America, and they make few mistakes.

XIV.

THE COMMERCE OF PARAGUAY.

The trade of Paraguay, necessarily passing through the ports of Uruguay to the Argentine Republic, is almost entirely included in the statistics of the two latter countries. There is a small direct trade, which, during the calendar year of 1888, amounted to $5,878,366, showing an increase over 1887 of $1,430,640. The value of the imports in 1888 was $3,289,757, and the exports were $2,588,608.

These figures show progress and prosperity. Not long ago the little republic of Paraguay was almost entirely devastated by a war, and the population was nearly exterminated. In fact, the most reliable statisticians assert that there were less than twenty thousand men in all the country at the end of the struggle, which was carried on for nine years against overwhelming odds to sustain the despotism of the most cruel and intolerant tyrant of modern history.

SIGNS OF A REVIVAL OF INDUSTRY.

But it appears from a recent message of the President that the country is making considerable progress. Immigrants are coming in, capital and labor each find employment, and under the encouragement of the Government every possible effort is being made to develop its wonderful resources. The public lands and those which were left ownerless by the extermination of the inhabitants have passed into the hands of an English syndicate, who hold the bonds of the country. This syndicate is doing much towards colonizing the country, and in a few years Paraguay will doubtless be resettled and resume her place among the prosperous nations of America.

THE EXPORTS AND IMPORTS.

The exports of the country are mostly hides and yerbe maté, or "Jesuit's tea." But some sugar and tobacco are being grown, and the timber resources of the country will soon be developed by the introduction of steam saw-mills. The imports are mostly cotton goods, wines, jewelry, furniture, and articles of household use.

XV.

THE COMMERCE OF BRAZIL.

The foreign trade of Brazil in 1887 amounted to $212,816,250 and in 1888 to $237,000,000, the imports being $122,000,000 and the exports $115,000,000. The large excess of imports was due to the shipments of coin from England and heavy cargoes of railway supplies for internal improvements.

Of the export trade the United States has altogether the largest share, taking nearly one-half the total, in the form of coffee, sugar, hides, and rubber, while the remainder is divided between France and England, and a few million dollars' worth of raw material go to Spain and Germany.

Of the import trade England enjoys about one-half, while the rest is divided between France, Germany, and Spain, with a few million from the United States.

EXPORTS AND IMPORTS.

Without including the imports of coin the commerce of Brazil in merchandise is divided about as follows:

Countries.	Imports from Brazil.	Exports to Brazil.
England	$26, 177, 259	$39, 654, 720
France	22, 538, 478	21, 112, 617
Germany	7, 260, 722	13, 321, 412
Spain	5, 680, 821	8, 316, 811
United States	53, 710, 284	7, 063, 892

A COMMERCIAL PHENOMENON.

This, as will be noticed, is a most remarkable commercial phenomenon. The consumers of raw products in the United States furnish one-half the money the consumers of manufactured merchandise in Brazil expend in Europe. But it is easily explained. Trade follows transportation. There are five steam-ship lines making regular voyages and a large number of "tramps" making irregular voyages from Brazil to the United States and bringing us her coffee, sugar, rubber, and hides,

while there is only one line of steamers, and that sending a ship only once a month, from the United States to Brazil.

HOW IT IS CARRIED ON.

The exports from Brazil to the United States in 1888 were brought in 71 American vessels of 57,808 tons and 497 foreign vessels of 331,985 tons.

Our exports to Brazil were sent in 75 American vessels of 63,581 tons and 151 foreign vessels of 83,728 tons. Most of the foreign vessels were small sailing craft and partially loaded.

Of our imports from Brazil $43,018,788 were brought in foreign vessels and $10,691,446 in American vessels, while nearly all our exports to Brazil were carried in American vessels.

THE TRIANGULAR VOYAGES.

One of the greatest obstacles in the way of an extended trade in South America, particularly in Brazil and the valley of the Rio de la Plata, is the system of triangular voyages made by English and German ships. The Liverpool, Brazil and River Plate Steam Navigation Company is a good illustration.

This company has a large number of fine steamers which sail every week from Liverpool and Antwerp. They proceed to Brazil and the River Plate and discharge their cargoes of European manufactures. These steamers take coffee, etc., and other Brazilian produce direct from Santos, Rio, and Bahia to the United States, where they load again for England or Antwerp, taking cargo for Brazil and River Plate, via England. This company is notorious for their discrimination in rates of freight in favor of certain shippers, and is thus enabled to underbid an American ship in carrying Brazilian products to the United States. The steamers also have liberal mail pay from England and Belgium.

There are several other companies engaged in the same trade and it is impossible for American ships to compete with them. It is this system of triangular voyages which causes the great difference between our exports to and our imports from Brazil. These steamers arrive every week at New York with the raw products of Brazil, but never carry any merchandise the other way. At least eight steamers come from Rio de Janeiro to New York for every one that sails from New York to Rio de Janeiro.

WHAT OUR FOLLY HAS COST.

This sort of thing has been going on for a century, and the balance of trade has been piling up all the time. The following statement shows the result for thirty years:

Year.	Imports from Brazil.	Exports to Brazil.	Year.	Imports from Brazil.	Exports to Brazil.
1859	$22,419,000	$6,018,000	1875	$42,027,000	$7,742,000
1860	21,204,000	6,021,000	1876	45,446,000	7,346,000
1861	18,100,000	4,973,000	1877	43,498,000	7,581,000
1862	12,747,000	3,858,000	1878	42,968,000	8,686,000
1863	10,945,000	4,940,000	1879	36,375,000	8,194,000
1864	14,388,000	5,354,000	1880	51,970,000	8,605,000
1865	9,784,000	6,580,000	1881	52,872,000	9,252,000
1866	16,816,000	5,691,000	1882	48,801,000	9,152,000
1867	19,100,000	5,099,000	1883	44,488,000	9,252,000
1868	23,595,000	5,695,000	1884	50,265,000	8,695,000
1869	24,837,000	5,866,000	1885	45,263,000	7,317,000
1870	25,161,000	5,774,000	1886	41,907,000	6,451,000
1871	30,551,000	6,013,000	1887	52,953,000	8,127,000
1872	30,122,000	5,912,000	1888	53,710,000	7,137,000
1873	38,540,000	7,197,000			
1874	43,888,000	7,702,000	Total 30 years.	1,014,740,000	216,230,000

SOME STUPENDOUS FIGURES.

This table shows that during the past thirty years we have paid Brazil in cash over and above the value of what we have furnished her in merchandise the enormous sum of $798,510,000, and every cent of it has gone into the pockets of the British merchants and manufacturers. Nor is this all. During all this time we have paid the owners of English ships for the transportation of this produce, have paid interest to her bankers who have advanced the money, and exchange to her brokers on the drafts which settled the balances.

The exchange alone, which amounts to three-quarters of one per cent. on the balance of trade as above stated, reaches the enormous sum of $402,826.75 for a single year, and $7,610,550 for the thirty years; while at the rate of $10 a ton we have paid in freight to the English ship-owners the sum of $24,464,380 during the last thirty years.

ALL DUE TO A LACK OF STEAM-SHIPS.

The trade with Brazil, as has been said, illustrates as well as any other example that may be found, the fact that trade follows freight facilities. The goods purchased and consumed by the people of Brazil can be furnished by the manufacturers of the United States of as good a quality and at as low a price as they can be purchased in England, and the preferences of the people for the products of this country has been emphasized by the manufacturers of Germany and England, who have forged our trade-marks and violated our patent laws in order to deceive their customers into the belief that they were purchasing American goods.

PREFERENCE FOR AMERICAN GOODS.

The preference for American goods by the people of Brazil was recently made the subject of a long dispatch to his Government by Mr. George Hugh Windom, the British minister to that country. In this

communication he reminds Lord Salisbury, his official superior, that merchandise sent from the United States to Brazil is much more popular and suitable to the tastes of the people than that exported from England, and he particularly mentions railway supplies, which are supposed to be produced cheaper in England than in the United States. "The railway plants of England," he said, "are not adapted to the wants of a country such as Brazil, where the roads are full of curves and steep grades. The consequence is that out of 252 locomotives in use on eighteen Brazilian lines 213 were made in the United States and only 28 in Great Britain."

The exports from Brazil are mostly coffee, rubber, hides, sugar, fruits, and chemicals and drugs.

THE IMPORTS OF BRAZIL.

The imports of Brazil comprise nearly every article that enters into the consumption of the people. The following table shows the exports to that country from the United States in 1888, compared with the exports from England the previous year, and the merchants and manufacturers of this country can notice that there is no difficulty in competition in nearly every article mentioned:

Articles.	From the United States.	From the United Kingdom.
Agricultural implements	$20,354	.....
Breadstuffs	2,812,281	.....
Candles	20,571	$122,402
Carriages, carts, and cars	78,925	192,110
Chemicals, drugs, dyes, and medicines	159,592	328,255
Coal	.....	1,312,563
Copper, and manufactures of	630	180,601
Cotton, manufactures of	665,986	14,115,069
Earthen, china, and glassware	35,359	537,296
Fancy articles	51,300	.....
Fish	35,496	.....
Flax, hemp, and jute, manufactures of	38,030	1,205,763
Fruits	6,306	.....
Gunpowder and other explosives	17,585	.....
Hair, and manufactures of	40	.....
India-rubber and gutta-percha, manufactures of	11,070	138,213
Instruments for scientific purposes	29,140	.....
Iron and steel, and manufactures of	679,252	4,998,246
Jewelry and manufactures of gold and silver	58,134	.....
Lead, and manufactures of	12,559	73,912
Leather, and manufactures of	20,196	1,058,454
Lime and cement	851	.....
Malt liquors	13,293	86,904
Musical instruments	7,431	.....
Oils:		
Mineral, refined	832,367	.....
All other	37,061	.....
Paints and painters' colors	5,499	142,910
Paper and stationery	37,756	68,934
Provisions, comprising meat and dairy products	438,305	125,249
Salt	.....	.....
Seeds	273	171,607
Silk, manufactures of	22,572	.....
Soap	48,407	.....
Spirits, distilled	7	.....
Umbrellas and parasols	.....	34,927
Vegetables, including pickles, etc	1,947	.....
Wearing apparel	(a)	300,307
Wine	239	.....
Wood, and manufactures of	384,495	36,776
Wool, manufactures of	4,298	1,514,056
All other articles	476,195	1,590,868
Total	7,063,892	28,314,482

BRAZIL DESIRES RECIPROCITY.

As the United States is the largest customer of Brazil, and takes half the products of her soil and forest, the people of that Empire should show an inclination to discriminate in favor of our merchandise in the purchase of the goods they consume, and they have done so by subsidizing an American steam-ship line to New York to which the United States Government would pay nothing. There is a very strong feeling in Brazil in favor of a reciprocity treaty with the United States, and if our Government will remove the duty from sugar the Parliament of Brazil would willingly remove the duties from some of our peculiar products, which are all taxed at an exorbitant figure. Flour pays a heavy duty; kerosene is taxed 160 per cent.; lumber, 90 per cent.; lumber, 52 per cent.; while there is scarcely anything sent from this country that is admitted at a lower rate of duty.

PRESENT CONDITION OF THE EMPIRE.

Brazil is just now in a critical financial condition because of the partial failure of the coffee crop last year and the abolition of slavery. On the 13th of May last every slave in the Empire was emancipated, and the result is that to-day it is almost impossible to secure labor on the plantations for the proper culture and gathering of the crops of coffee and other products. The uncertainty on this point has caused a large increase in the rate of interest and much discontent among the people. The Government has come to the rescue and has made an agreement with the banks of the several large cities to guaranty loans to planters to the maximum sum of $6,600,000 at 6 per cent. interest. At the same time the Government has authorized the expenditure of $5,500,000 to promote immigration, and thus supply the necessary labor to cultivate the plantations.

The industrial condition of Brazil otherwise is encouraging. Her railroads are being extended and are considered profitable property.

The export tax on sugar has been recently abolished, and that on coffee has been steadily reduced for the last twenty years.

APPENDIX A TO PART FIRST.

OUR EXPORTS TO SPANISH AMERICA IN DETAIL.

Statement showing the values of the principal and all other articles of domestic merchandise exported from the below-named Southern customs districts of the United States to Mexico, Central America, the West Indies, and South America, during the year ending June 30, 1888.

MEXICO.

Customs districts.	Animals.	Breadstuffs.	Cotton, and manufactures of.		Iron and steel, and manufactures of.	Provisions, comprising meat and dairy products.	Wood, and manufactures of.	All other articles.	Total.
			Unmanufactured.	Manufactures of.					
	Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*
New Orleans, La	.....	10,509	3,728	225	1,384	2,391	26,921	16,172	61,330
Brazos de Santiago, Tex	51,042	58,234	.....	179,300	29,505	32,147	27,274	211,010	588,512
Corpus Christi, Tex	152,551	34,597	28,550	108,657	286,837	19,275	519,109	424,425	1,574,001
Galveston, Tex	4,065	3,090	519,340	27	3,617	1,646	1,129	38,185	571,099
Key West, Fla	.....	.....	.....	.....	.....	.....	.....	1,500	1,500
Mobile, Ala	.....	.....	.....	.....	.....	.....	8,278	1,540	9,818
Pass del Norte, Tex	.....	773	.....	.....	59	120	195	1,074	2,221
Pearl River, Miss.	1,573	121	478	.....	1,894	23	77,435	17,585	99,109
Pensacola, Fla	.....	.....	.....	.....	.....	.....	11,473	.....	11,473
Saluria, Tex	82,396	14,816	1,311	26,723	248,480	11,753	281,218	343,756	1,010,453
Teche, La	.....	.....	.....	.....	.....	.....	2,817	50	2,867
Wilmington, N. C.	.....	.....	.....	.....	.....	.....	2,651	.....	2,651
All other districts	135,669	222,908	12,784	721,530	1,377,172	323,070	321,626	2,192,395	5,307,154
Total	427,296	345,048	566,191	1,036,462	1,948,948	390,425	1,280,126	3,247,692	9,242,188

CENTRAL AMERICA.

Customs districts.	Breadstuffs.	Cotton, manufactures of.	Iron and steel, and manufactures of.	Provisions, comprising meat and dairy products.	Wood, and manufactures of.	All other articles.	Total.
	Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*
New Orleans, La	184,497	60,915	33,459	130,293	56,999	220,138	686,301
Mobile, Ala	1,915	167	77	2,091	9,272	3,140	16,662
Pearl River, Miss	.....	.....	.....	.....	3,552	.....	3,552
Teche, La	.....	31,589	.....	.....	280	655	32,524
All other districts	693,402	386,473	856,445	232,698	153,487	1,391,555	3,714,060
Total	879,814	479,144	889,981	365,082	223,500	1,6[illegible]5,488	4,453,099

***Statement showing the values of the principal and all other articles of domestic merchandise exported, etc.*—Continued.**

BRITISH WEST INDIES.

Customs districts.	Breadstuffs.	Coal.	Wood, and manufactures of.	All other articles.	Total.
	Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*
Baltimore, Md	27,063	260	9,785	22,715	59,823
New Orleans, La	316	.....	219	1,370	1,905
Apalachicola, Fla	.....	.....	4,899	.....	4,899
Brunswick, Ga	2,920	.....	13,903	691	17,514
Charleston, S. C	44	.....	24,867	231	25,142
Fernandina, Fla	.....	.....	70,588	.....	70,588
Georgetown, S. C	52	.....	280	30	362
Key West, Fla	356	.....	647	1,234	2,237
Mobile, Ala	525	.....	24,376	650	25,551
Newport News, Va.	.....	2,080	.....	.....	2,080
Norfolk and Portsmouth, Va	530	618	64,862	384	66,394
Pamlico, N. C	45	.....	8,798	434	9,277
Pearl River, Miss	.....	.....	1,200	.....	1,200
St. Augustine, Fla	198	.....	440	32	966
St. John's, Fla	2,358	.....	14,913	1,810	19,081
Savannah, Ga	.....	.....	8,514	.....	8,514
Wilmington, N. C	36	.....	34,933	178	35,147
All other districts	2,682,341	16,363	470,106	3,930,528	7,099,338
Total	2,716,784	19,321	753,330	3,960,583	7,450,018

DUTCH WEST INDIES.

Fernandina, Fla	.....	.....	6,460	.....	6,460
Georgetown, S. C	.....	.....	6,938	72	7,010
Newport News, Va	.....	1,935	.....	.....	1,935
All other districts	179,028	345	29,973	356,304	565,650
Total	179,028	2,280	43,371	356,376	581,055

FRENCH WEST INDIES.

Baltimore, Md	.....	.....	17,393	.....	17,393
Brunswick, Ga	.....	.....	2,476	.....	2,476
Fernandina, Fla	.....	.....	12,559	.....	12,559
Georgetown, S. C	.....	.....	2,899	.....	2,899
Norfolk and Portsmouth, Va	.....	.....	26,500	.....	6,500
Pearl River, Miss	.....	.....	3,518	.....	23,518
St John's Fla	.....	.....	13,628	.....	13,628
Wilmington, N. C	.....	.....	40,241	.....	40,241
All other districts	541,531	43,358	233,338	637,287	1,455,514
Total	541,531	43,358	352,552	637,287	1,574,728

HAYTI.

Pensacola, Fla	.....	.....	2,439	.....	2,439
Wilmington, N. C	345	.....	67,627	4,710	72,682
All other districts	634,784	121	159,845	3,452,782	4,247,532
Total	635,129	121	229,911	3,457,492	4,322,653

Statement showing the values of the principal and all other articles of domestic merchandise exported, etc.—Continued.

CUBA.

Customs districts.	Breadstuffs.	Coal.	Wood, and manufactures of.	All other articles.	Total.
	Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*
Baltimore, Md	2,000	80,246	47,480	14,171	143,897
Alexandria, Va		3,285	30,460		33,745
Apalachicola, Fla			8,301		8,301
Brunswick, Ga			1,936		1,936
Charleston, S. C	125		3,666	742	4,533
Fernandina, Fla			8,488		8,488
Galveston, Tex		1,400			1,400
Key West, Fla	455,705	21	1,183	59,687	526,596
Mobile, Ala		200	55,975		56,175
Newport News, Va		10,069			10,069
Norfolk and Portsmouth, Va		24,996			24,996
Pearl River, Miss			30,964	67	31,031
Pensacola, Fla			61,954		61,954
Richmond, Va			6,232		6,232
Savannah, Ga			5,664	500	6,164
All other districts	919,922	348,367	1,058,233	6,480,085	8,798,607
Total	1,387,752	460,584	1,320,536	6,555,252	9,724,124

DANISH WEST INDIES.

Fernandina, Fla			1,300		1,300
Newport News, Va		19,524			19,524
Richmond, Va		1,990		16	2,006
St. John's, Fla			4,357		4,357
Wilmington, N. C			1,454		1,454
All other districts	209,964	50,924	37,832	275,779	574,499
Total	209,964	72,438	44,943	275,795	603,140

PORTO RICO.

Baltimore, Md		3,376			3,376
Brunswick, Ga			3,545		3,545
Newport News, Va		2,224			2,224
Pearl River, Miss			3,510		3,510
Pensacola, Fla			3,573		3,573
Savannah, Ga			7,557		7,557
Wilmington, N. C			43,484	115	43,599
All other districts	640,190	1,139	231,402	980,243	1,852,974
Total	640,190	6,739	293,071	980,358	1,920,358

SAN DOMINGO.

Wilmington, N. C			5,985		5,985
All other districts	143,633	2,677	70,608	569,657	786,575
Total	143,633	2,677	76,593	569,657	792,560

***Statement showing the values of the principal and all other articles of domestic merchandise exported, etc.*—Continued.**

ARGENTINE REPUBLIC.

Customs districts.	Wheat flour.	Provisions, comprising meat and dairy products.	Wood, and manufactures of.	All other articles.	Total.
	Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*
Apalachicola, Fla	.....	.....	28,289	.....	28,289
Brunswick, Ga	.....	.....	189,833	18,870	208,703
Fernandina, Fla	.....	.....	37,136	1,200	38,336
Mobile, Ala	.....	.....	25,926	.....	25,926
Pearl River, Miss	.....	.....	135,582	.....	135,582
Pensacola, Fla	.....	.....	417,778	.....	417,778
St. Mary's, Ga	.....	.....	24,275	.....	24,275
Savannah, Ga	.....	.....	45,270	16,796	62,066
Wilmington, N. C	.....	.....	16,793	3,997	20,790
All other districts	740	49,431	918,130	4,169,365	5,137,666
Total	740	49,431	1,839,012	4,210,228	6,099,4 1

BRAZIL.

Baltimore, Md	1,620,279	214,890	50	32,123	1,867,342
Brunswick, Ga	.....	.....	82,584	3,158	85,742
Pearl River, Miss	.....	.....	5,108	.....	5,108
Pensacola, Fla	.....	.....	53,653	.....	53,653
St. Mary's, Ga	.....	.....	10,114	.....	10,114
Savannah, Ga	.....	.....	11,500	6,250	17,750
Richmond, Va	300,430	1,708	.....	237	302,375
Newport News, Va	209,221	106,094	325	51,649	367,289
All other districts	648,423	115,703	221,161	3,369,232	4,354,519
Total	2,778,353	438,395	384,495	3,462,649	7,063,892

ECUADOR.

Pearl River, Miss	.....	.....	30,750	.....	30,750
All other districts	28,604	174,592	17,701	558,920	779,817
Total	28,604	174,592	48,451	558,920	810,567

BRITISH GUIANA.

Baltimore, Md	102,819	29,893	25,200	42,490	200,402
Brunswick, Ga	.....	.....	3,912	.....	3,912
Fernandina, Fla	.....	.....	21,148	.....	21,148
Georgetown, S. C	.....	.....	12,130	.....	12,130
Norfolk and Portsmouth, Va	.....	.....	34,650	75	34,725
St. Mary's, Ga	.....	.....	2,181	.....	2,181
All other districts	506,668	409,447	92,989	368,109	1,377,213
Total	609,487	439,340	192,210	410,674	1,651,711

DUTCH GUIANA.

Georgetown, S. C	.....	.....	2,924	141	3,065
All other districts	62,821	99,646	6,985	91,579	261,031
Total	62,821	99,646	9,909	91,720	264,096

***Statement showing the values of the principal and all other articles of domestic merchandise exported, etc.*—Continued.**

REPUBLIC OF COLOMBIA.

Customs districts.	Wheat flour.	Provisions, comprising meat and dairy products.	Wood and manufactures of.	All other articles.	Total.
	Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*
Baltimore, Md	1,185	2,662	10,797	42,453	57,079
New Orleans, La	29,276	14,720	51,311	54,696	150,003
Brunswick, Ga			11,777		11,777
Fernandina, Fla			27,985		27,985
Mobile, Ala			13,871		13,871
Newport News, Va				*78,187	78,187
Norfolk and Portsmouth, Va				*24,890	24,890
Pearl River, Miss			47,242		47,242
Pensacola, Fla			20,750		20,750
Wilmington, N.C			4,736		4,736
All other districts	312,521	590,092	269,050	3,315,058	4,486,721
Total	342,982	607,474	457,519	3,515,284	4,923,259

* Bituminous coal.

URUGUAY.

Baltimore, Md		1,172			1,172
Brunswick, Ga			7,988		7,988
Charleston, S.C			9,854	418	10,272
Fernandina, Fla			8,500	600	9,100
Pearl River, Miss			11,863		11,863
Pensacola, Fla			136,453		136,453
Savannah, Ga			21,115	5,322	26,437
All other districts		40,888	216,609	876,648	1,134,145
Total		42,060	412,382	882,988	1,337,430

VENEZUELA.

Newport News, Va				5,027	5,027
All other districts	599,221	554,658	72,763	1,776,672	3,003,309
Total	599,221	554,658	72,763	1,781,699	3,008,336

PART II.

TRANSPORTATION.

I.

THE CARRYING TRADE OF THE WORLD.

The conditions of commerce have entirely changed within the last quarter of a century. The methods of the production and distribution of the results of agricultural as well as mechanical industries have been completely revolutionized by the introduction of labor-saving and multiplying machinery, and those now indispensible agents of the human will, electricity and steam. Our power of production has multiplied much more rapidly than our capacity of consumption, and we have come to the point where we must make less or sell more. The first alternative is impossible; the second is imperative, and so we stand upon the threshold of a new century of national life confronted with a problem as serious as that of slavery, which vexed the nation thirty years ago.

PRESENT CONDITIONS OF TRANSPORTATION.

The exchange of productions between nations has come to be governed by two laws: that of demand and supply, and that of transportation. If a scarcity exists in any part of the world the news is flashed under the ocean and across hemispheres to the favored point of supply, and steam hurries the needed commodity to the point where it is demanded.

The merchants and manufacturers of New England and Philadelphia no longer load clipper ships with merchandise they can not sell at home and start them off across the seas to exchange it for such products as their customers have to offer. But the merchants in every country buy what they want where they can buy it most conveniently and to the best advantage. The merchant in Indiana will go to New York if he can buy on better terms there than in Chicago or St. Louis, and the question of transportation enters into all his calculations.

The merchants of South America do their buying upon the same conditions. They will send to ports from which they can get the best rates of freight, and the most rapid means of transportation. The interstate-commerce law was passed by our Congress to relieve the shippers of the United States from the same difficulty at home that they continue to labor under in their foreign commerce. Other laws have been enacted

to meet the new conditions of our internal trade, but nothing has been done to increase the facilities for reaching our foreign markets.

That trade will follow lines of transportation is demonstrated by every commercial center in the world, and the necessity of governmental aid for the encouragement of commerce is recognized by every nation on the earth except the United States. We apply the principle to our internal commerce, but have forbid its use in our foreign commerce during the last few years, except in two specific cases.

SUBSIDIES PAID BY ALL NATIONS.

The following table shows the amount of money paid for the encouragement of foreign commerce in the form of subsidies, bounties, and for the transportation of mails by the governments named:

France	$6,792,778
England	4,269,874
Italy	3,503,035
Germany	3,131,610
Argentine Republic (estimated)	3,000,000
Brazil	*1,700,000
Spain	1,571,035
Netherlands	775,191
Mexico	†758,000
Canada	730,000
Japan	500,009
Russia	454,306
Belgium	430,127
Austria-Hungary	363,000
Australian Colonies	280,000
Chili	225,009
Portugal	108,000
Trinidad	98,000
Barbadoes	90,000
Jamaica	72,000
Various West India Islands	72,000
New Zealand	56,000
United States (to its own ships)	‡48,966
Norway and Sweden	41,655
Guatemala	34,000
The Island of Tobago	25,000
San Salvador	24,000
Bahama Islands	18,500
Nicaragua	16,000
Honduras	12,500
Costa Rica	12,000
British Honduras	7,500

The several governments of Latin America are now paying $219,500 annually as subsidies to American ships, or more than five times as much as these ships receive from their own government.

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* Not including $5,500,000 bounty on immigrants.

† Not including bounty on immigrants.

‡ To foreign ships, $415,954.

While all these sums are being spent by other nations to furnish the means of communication and transportation to foreign lands for the benefit of their merchants and manufacturers, the United States permits its letters and its freight to be carried by foreign ships at an enormous annual cost.

WHAT WE PAY FOREIGN SHIPS.

From the report of the United States Bureau of Statistics, which gives the imports and exports for the twelve months ending June 30, 1889, I have compiled the number of tons of merchandise imported into and exported from this country during that period. The total tonnage both ways represents 19,787,000 tons.

Estimating the freight on this immense quantity of merchandise at $10 per ton (and that is probably a fair estimate, if we take into account all classes of goods), it shows that we paid for freight alone the large sum of $197,787,000. The statistical report referred to also shows that American vessels only carried 14½ per cent. of this amount. From this it will be seen that we paid foreign ship-owners for freight during the past twelve months, $169,178,850, and American ship-owners received only $28,691,150.

In 1858 American vessels carried 71 per cent. of all our exports and imports. In the winter of 1858 the Collins Line of steamers applied for a continuance of its mail pay at the rate of $385,000 per annum. This was refused, and a law was passed that no more than "sea and inland" postage should be paid for carrying the United States mails. This killed the Collins Line. England, however, during that same year increased the pay of the Cunard Line from about $785,000 to nearly $900,000 annually, and the preamble of the bill in the English Parliament increasing the amount paid gave as a reason that the competition of the Collins Line made it necessary in order to maintain the line.

WHAT OUR LACK OF STEAMSHIPS COSTS US.

It is estimated that—

To foreign ships for freights and passenger rates we pay annually an average of	$150,000,000
To remittances abroad for railroad and general securities other than Government interest we pay over	100,000,000
To amount expended by American tourists, and by those traveling for other purposes in Europe, we pay	80,000,000
To amounts expended abroad for education we pay	4,500,000
To United States Treasury remittances, annually, interest on United States bonds (at present)	5,000,000
To foreign exchange we pay more than would be believed.	
Making a yearly drain of cash paid from the United States of	339,500,000
As an offset against this we have a return by emigration estimated at not less than	59,000,000
Leaving a clear balance of outgo from the United States annually of, in round numbers, over	280,500,000

If we had direct and frequent steam-ship communication with the South American countries there would be no doubt or delay about the arrangement of banking facilities and the extension of credits, the absence of which at present is a great obstacle to the extension of our trade, as well as a heavy expense to our merchants. With Venezuela, where we have direct steam-ship communication once in ten days, there is no complaint as to the lack of banking facilities. They are just as good as between any of our States, and the same would be the condition with other countries if we had means of communication. Take Brazil, for example, where we only send a steamer once a month: Figuring the exchange at three-quarters of one per cent., during the last thirty years we have paid the English bankers $7,610,550 for handling the remittances to pay for the products we have purchased of Brazil, and, at the rate of $10 per ton, which is the average price, we have paid British ship-owners, $24,464,380 for carrying these goods.

ENGLAND'S MONOPOLY OF THE CARRYING TRADE.

Great Britain now enjoys a practical monopoly of the ocean carrying trade of the world, and the United States has almost entirely disappeared from competition. The reason for this is that ever since the successful adaptation of steam to water transportation Great Britain has pursued a policy of systematic and intelligent aid to her steam-ship interests, while the policy of the United States has been narrow, unstable, and actually hostile to her merchant marine. There are now engaged in the foreign trade under the American flag about 56 steamers, representing a capital of $15,000,000 and a tonnage of 158,155; while on the other hand England has a merchant marine amounting to 5,196 steam-vessels with a capacity of 7,304,815 tons, representing a capital of $1,100,000,000.

John Cardwell, consul at Cairo, Egypt, sends some interesting figures to the State Department in regard to American commerce during the past year. Records kept at the mouth of the Suez Canal show that only 3 American vessels entered Port Said during the year. Only two other nations are so low in the scale, viz, Denmark, 3; Japan, 2. England leads the list with 2,730 steamers. Then follow France, 293; Germany, 155; Holland, 139; Italy, 109; Austria, 71; Russia, 31; Spain, 26; Norway, 25; Egypt, 13; Turkey, 10; Portugal, 5; Sweden, 4. England sent 4,341,792 tons of freight, while America sent 2,149.

AMERICAN VESSELS CROWDED OUT.

The figures of our own Bureau of Statistics as well as those of all the Central and South American nations show that where there is any foreign trade worth competing for, American vessels have been crowded out by foreign vessels, and that the tonnage of our vessels engaged in the foreign trade has gradually decreased. In 1884 we had 1,276,972 tons engaged in the foreign trade; in 1888 it was 919,302 tons.

Our trade with Mexico on the Pacific in 1888 was carried on by 212 American vessels. All our trade with Guatemala on the Pacific was carried on by 4 American vessels. Only 2 American vessels entered Peru in 1888. We only sent 19 American vessels to Chili, and all went under sail. The total number of vessels clearing from all ports in the United States for Chili in 1888 was 19, while 30 American vessels cleared from Chili for the United States, all of them under sail.

OUR TRADE WITH CUBA.

In the trade with Cuba American vessels have the preference. In 1888 there were entered from that island 873 American vessels, of 531,206 tons, and 781 American vessels of 487,239 tons, were cleared for Cuba. The number of foreign vessels, entered was 573, of 427,692 tons, and 307 foreign vessels, of 211,450 tons, were cleared. And yet the number of American vessels in the Cuban trade was less in 1888 than in 1884. In 1884 there were entered at New York from Cuba 564 American vessels, of 301,422 tons. In 1888 there were entered at the same port from Cuba 222 American sailing vessels of 98,314 tons, and 92 American steamers of 141,891 tons; total, 314 vessels, of 250,205 tons. In 1884 there were cleared at New York for Cuba 358 American vessels, of 231,476 tons. In 1888 there were cleared at the same port for Cuba 140 American sailing-vessels, of 63,357 tons, and 86 American steamers, of 143,355 tons; total, 226 vessels, of 206,712 tons.

SOME SIGNIFICANT FIGURES.

As a natural result of our transportation difficulties in 1888, we exported twelve times as much merchandise to England as to all the South American continent, and more to Ireland than to all the countries on the east coast (Brazil, Argentine Republic, Uruguay, and Paraguay) and Chili and Peru combined.

We exported twice as much to France as to all these countries, and more to France than to all the Latin American states, with the exception of Mexico.

We exported to Belgium only $1,370 less than to all South America, and more to Holland than to all the countries on the east coast of South America; more to Italy than Brazil, the Argentine Republic, Paraguay, and Peru combined; more to Portugal than to all the countries on the west coast; more to Spain than to Chili, Peru, Bolivia, Argentine Republic, Uruguay, and Paraguay combined; more to Spain than to Central America, and all the nations of the Spanish Main; more to Russia than to Brazil, the Argentine Republic, Uruguay, Paraguay, Chili, Peru, Bolivia, and Ecuador.

II.

THE UNITED STATES POSTAL SERVICE.

In 1888 the total cost of our postal service was $58,126,004, and the cost in 1889 will be half a million more. Nothing the Government could do to promote the convenience and profit of our people in their internal commerce has been left undone. Fast mails have been established between the East and West at an enormous expense, and no one has stopped to ask whether the revenues meet the expenditures. As fast as a little settlement has sprung up on the western frontier the Postmaster-General has provided mail facilities for the people, for the encouragement of commerce. By the aid of Government money the people have not only enjoyed frequent and regular mail communication, but the lines of transportation thus encouraged and sustained have afforded them the means of reaching markets for the sale of their products and the purchase of their supplies.

POSTMASTER-GENERAL VILAS ON "THE ENCOURAGEMENT OF COMMERCE."

The late Postmaster-General Vilas recognized the necessity of "encouraging commerce and maintaining intercourse on land and upon our internal waters and coast lines," but declined to afford the same encouragement to those who were striving to extend our trade in foreign lands. In a report to Congress he said:

POST-OFFICE DEPARTMENT,
OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., June 16, 1886.

SIR: I have the honor to acknowledge receipt, on the 15th instant, of certified copy of the following resolution adopted by the Senate of the United States on the 14th instant, viz:

"*Resolved*, That the Postmaster-General be directed to transmit to the Senate a statement, showing the inland water routes over which the United States mails are transported, the length of each of the same, the number of trips per week, the amount paid as compensation on each of said routes, and the total expenditures therefor per annum, and the amount of mail-matter transported."

And in response thereto I transmit herewith a tabular statement showing all the points of information mentioned in the resolution except the last. These routes of inland water service are each governed by peculiar circumstances, and it is impossible that there can be any uniformity of rule or compensation regarding them. The carriers who render the service would, in many instances, not be found upon the route at all but for the Government contract, and would in few instances be found making the regular trips which the Government requires. Wherever there is either passenger or freight traffic sufficient to keep a carrier in existence, independently of the mails, the latter will be found to be generally transported at a moderate price, notwithstanding the exaction by the Government of regular trips at stated hours subject to deduction or fine for any omission or failure. Higher prices are necessary on those routes where the carrier would not exist, or if to be found at all would make only irregular trips, but for his employment in the postal service. And as all these routes are compensated at a gross or an annual rate, pursuant to contracts made under the requirements of the statutes, there is no necessity for keeping an account of the weights of the mail actually carried, nor any advantage to be gained sufficiently desirable to requite the cost of gathering such statistics. It is therefore impossible for the Department to transmit the information required in the last phrase of the resolution.

I have the honor to be, sir, very respectfully, yours,

WM. F. VILAS,
Postmaster-General.

The PRESIDENT PRO TEMPORE,
United States Senate.

THE EXTENSION OF OUR INTERIOR SERVICE.

The facts concerning the extension of the domestic mail service are familiar, and it is not necessary to point out the energy and industry with which our transatlantic mails have been dispatched. But during all these years nothing has been done to promote communication with Central and South America where our most profitable markets lie. The following table shows that those who have been engaged in extending our trade in these markets have not shared with the general public the encouragement of the Government:

Year.	Total cost of mail service.	Amount paid for carrying mails to Spanish America.
1850	$5,212,953	$514,000
1860	19,170,610	707,244
1870	23,988,837	799,388
1880	36,542,804	38,779
1888	55,795,357	48,966

THE RECORD OF FORTY YEARS.

The following table shows the amounts of money paid annually by the United States for the transportation of mails for the last forty years to vessels of all lines, and also to vessels sailing under the American flag:

Fiscal years.	Total amount paid vessels of all lines.	Amount paid vessels sailing under American flag.	Fiscal years.	Total amount paid vessels of all lines.	Amount paid vessels sailing under American flag.
1848	$100, 500. 00	$100, 500. 00	1869	$1, 101, 689. 54	$757, 963 99
1849	235, 086. 22	235, 086. 22	1870	1, 115, 333. 36	799, 388. 90
1850	619, 923. 62	619, 923. 62	1871	975, 024. 73	699, 661. 37
1851	1, 465 818 48	1, 465, 818. 48	1872	1, 026, 891. 26	805, 788. 16
1852	1, 655, 240. 59	1 655, 240. 59	1873	1, 044, 156. 92	815, 400. 26
1853	1, 880, 273. 33	1, 880, 273. 33	1874	988, 393. 54	750, 295. 50
1854	1, 903, 286. 36	1, 903, 286. 36	1875	976, 643. 77	740, 360. 69
1855	1, 936, 714. 62	1, 936, 714. 62	1876	753, 610. 02	580, 062. 53
1856	1, 886, 765. 63	1, 886, 765. 63	1877	448, 896. 41	286, 834. 97
1857	1, 589, 152. 65	1, 589, 152. 65	1878	199, 979 87	40, 152. 48
1858	1, 211, 061. 49	1, 177, 303. 01	1879	200, 026. 45	41, 251. 46
1859	1, 204, 569. 62	1, 075, 220. 09	1880	199, 809. 28	38, 779. 89
1860	854, 329. 93	707, 244. 59	1881	240, 066. 78	42,-552. 13
1861	806, 885. 36	570, 952. 86	1882	280, 500. 67	40, 645. 42
1862	374, 617. 67	80, 686. 04	1883	316, 358. 15	48, 076. 58
1863	416, 074. 07	79, 397. 05	1884	332, 221. 21	53, 169. 92
1864	440. 440. 94	64. 356. 11	1885	331, 903. 33	49, 048. 01
1865	475, 428. 16	66, 571. 50	1886	350, 882. 13	43, 318. 81
1866	713, 927. 70	245, 600. 88	1887	429, 036. 11	76, 727. 28
1867	867, 202. 65	411, 064. 59	1888	481, 058. 55	86, 890. 45
1868	1, 016, 146. 19	625, 239. 47			

ENCOURAGEMENT OF COMMERCE BY LAND.

For a single fast mail-train between New York and Springfield the New York, New Haven and Hartford Railroad receives the sum of $17,647 annually, or as much as is paid to all the American steam-ships that ply between our ports and those of South America.

A similar amount is paid for special mail facilities between Baltimore and Hagerstown, Md., between Richmond, Va., and Quantico, Md., between Charleston and Florence Junction, S. C.; between Jacksonville and Sanford, Fla., and between Sanford and Tampa in the same State.

For special mail facilities between Charleston and Savannah the sum of $19,710 is annually paid; $20,075 for a similar service between Wilmington and Florence, N. C.; $20,000 between Philadelphia and Bay View; $21,000 between Bay View and Quantico, Md.; $31,298 between Savannah and Jacksonville; $29,577 between Wilmington and Weldon, N.C., and 25,000 between Albany and New York City.

EXPENDITURES FOR SPECIAL MAIL FACILITIES.

The annual appropriation for this special service, which is simply to hasten the carriage of the mails at a greater speed than the ordinary passenger trains give between the places named, for the convenience of the patrons of our postal system, amounts to over $300,000 a year, while only the paltry sum of $48,966, or within a few dollars of the amount expended for this service between Weldon and Florence, N. C., is ap-

propriated to promote communication between the United States and all Spanish America, including Mexico and the West India Islands.

Great liberality is shown in making provisions for communication by stage-coach between the frontier settlements of the West. The annual expenditure for this service exceeds five millions of dollars, the number of routes in 1888 being 14,146, of an aggregate length of 225,600 miles, while the ocean steam-ships receive only $49,000 for a service of 1,981,309 miles. The stage-coaches received 6 cents per mile for the distance they carried the mails, but the ocean steamers, which cost infinitely more to maintain, received only 2 cents per mile. No one contends that the star-route service is self-supporting. The revenues from it amount to only a small fraction of its cost, and the money is paid from the public treasury simply to maintain necessary communication. The ocean service is not only self-supporting, but the Government received a profit of two cents and a half upon every letter carried while the steamers receive only a similar amount—one half the value of the stamp each letter bears.

If the same principle were applied to the stage-coaches and the inland steamers, or even to the railroads, a large proportion of the towns in the thinly settled sections of the country would be entirely destitute of mail facilities.

The merchants engaged in trade with Central and South America simply ask the same advantages given the merchants in the far West.

THE INLAND STEAM-BOAT SERVICE.

During the year 1888 the sum of $438,942 was expended for the inland steam-boat service. The number of routes was 127, of an aggregate length of 11,058 miles, and an annual travel of 3,216,000 miles. The cost per mile was 13.6 cents, while the ocean steamers received but 2 cents per mile. The inland steamers do not receive a certain amount—2½ cents per letter—but are permitted to bid for the service. There is no competition, and if the bids are reasonable they are accepted.

Before taking up the inland steam-boat service by items, it is well to recall what is paid for mail transportation to Central and South America. Last year the Pacific Mail Company for a service of 681,887 miles received $22,688. The "Red D" line for a service of 158,000 miles received a sum of $6,084; the Brazilian Mail Steam-ship Company for a service of 140,000 miles received but $11,733, while the Ward Steamship Line for a service of 128,960 miles received but $195.

INLAND STEAMERS PAID BY DISTANCE.

The shippers engaged upon the inland waters of the United States and in the coasting trade are treated by the Post-Office Department like the railroads and stage-coaches, and paid for the service performed under contracts which are awarded to the lowest bidder. But if a vessel be engaged in the foreign trade the owner is obliged to take the

mails and carry them to their destination at 2½ cents per letter, regardless whether the destination is 50 or 5,000 miles.

American steam-ships engaged in the foreign trade will never be fairly paid until their compensation is reckoned by the length of the voyage instead of the number of letters carried, and capitalists will not invest their money in ships until contracts for the transportation of mails are made for more than a single year. When the rates of foreign postage were reduced under the treaty of Berne, under the International Postal Union, no one expected that the reduction would be made at the expense of the steam-ship owners, but such is the fact. Before the adoption of uniform postage laws, letters were paid for according to the distance they were carried, and not by their weight, and a vessel got 25 cents for taking a letter to Australia or the Argentine Republic, where now it only gets two cents and one-half. The interstate commerce law prohibits railroad owners from charging as much for a short haul as a long haul, and the compensation given to the stage-coaches in the West is measured by the distance they travel and the cost of the trips. Still the Government of the United States refuses to recognize this principle in paying for its foreign mails, but insists that a steamer shall be paid no more for a long haul than for a short haul when it carries the mails

STATEMENT OF WILLIAM H. T. HUGHES.

This inconsistency in our Congress which does everything possible to encourage domestic and nothing whatever to encourage foreign trade, is bitterly complained of by the merchants who are endeavoring to find markets in Spanish America for our surplus products. Speaking on this point, Mr. William H. T. Hughes, of the firm of James E. Ward & Co., said:

Unless some arrangement is made by the Government to establish regular and frequent steam-ship communication with South America, it is absolutely impossible to increase our trade with those countries to the extent that it can and ought to be done.

The system pursued by foreign Governments is entirely antagonistic to all American steam-ship lines engaged in foreign trade. It is not a question of individuals fighting individuals, but it is a question of Government *versus* Government. Take, for instance, our own line to Havana and Mexico. We are running in competition with the Compañia Transatlantica, whose steamers receive from the Spanish Government about $1,750,000 per annum in subsidies.

The present system of payment for carrying foreign mails is not only unfair, but absolutely mean. To give you an idea of the compensation paid for carrying mails I quote from a letter received from the Acting Superintendent of Foreign Mails, dated July 25, 1889: "I have to inform you that the Postmaster-General has recognized the services of the American steamers *Santiago*, *City of Washington*, *Saratoga*, *Niagara*, *Cienfuegos*, *City of Alexandria*, *Manhattan*, *City of Columbia*, *City of Atlanta*, and *Seneca*, of the New York and Cuba Mail Steam-ship Line, in transporting the United States mails from New York to Cuba and Mexico during the quarter ended June 30, 1889, at the sum of $334.80." It is unnecessary to say anything further. You can readily see that on such liberal pay not many dividends could be declared.

The subsidies granted by the Spanish Government to steamers plying to Cuban ports have had the natural effect of lowering rates of freight to such an extent that, notwithstanding the general advance in freights all over the world within the last year, we are to-day carrying goods in small lots to Cuban ports at a less rate than a steamer can be chartered to make the voyage.

AMOUNTS PAID TO INLAND STEAMERS.

The following statistics will demonstrate how the law operates and its injustice to American ships engaged in the foreign trade compared with the treatment of steam-ships upon the inland waters:

State.	Distance traveled.	Amount paid.	Service.
	Miles.		
Maine	384	$5,894	Six months.
New Hampshire	147	3,325	Do.
Massachusetts	89	12,093	Do.
Rhode Island	83	12,707	Do.
New York	220	11,096	Do.
Maryland	1,119	13,518	Four months.
Virginia	737	36,021	Twelve months.
North Carolina	425	12,863	Do.
South Carolina	99	2,214	Do.
Georgia	12	600	Do.
Florida	867	79,636	Six months.
Alabama	647	9,350	Do.
Mississippi	476	5,900	Twelve months.
Kentucky	674	24,879	Do.
Ohio	127	9,000	Do.
Michigan	203	5,176	Six months.
Wisconsin	85	410	Do.
Missouri	173	7,000	Twelve months.
Arkansas	700	44,500	Do.
Louisiana	1,084	42,240	Do.
Texas	39	576	Do.
Washington	955	54,701	Do.
Oregon	154	11,074	Do.
California	403	16,944	Six months.
Alaska	1,050	18,000	Two trips per month.

AN EXAMPLE OF INCONSISTENCY.

Previous to 1885 the Havana mails were included in the foreign service and cost $7,143. That year they were transferred to what is called the Star Route service, and $58,339 is now paid to the little steamer that carries them from Tampa to Havana. This is just $10,000 more than is paid by the United States Government to the ships of all nations to carry mails to all the parts of this hemisphere. This little steamer *Mascotte*, and she seems to be well named, for a voyage of but 188 miles, receives two-thirds as much money annually as is paid to all the other American ships that float upon all the oceans of the world. It is the most extraordinary phenomenon in the commercial history of this or any nation. Were these same terms offered to ocean steamers the Stars and Stripes would not be so rare a sight in the harbors of other lands.

During the last year the Post-Office Department paid $44,500 for the transportion of the mails on the rivers of Arkansas, and only $13,715 for the transportation of mails to Japan; $54,701 on the rivers of Washington Territory, and only $42,593 to all the Asiatic and Australian ports. We paid $79,637 for carrying the mails on the rivers of Florida, but only $47,997 for sending them to all Central and South America and to the entire West Indies, with the exception of Havana. We paid $20,879 on the Ohio River between Paducah and Louisville; $101.566

to subsidized stage-coaches in Nevada; $239,568 in Washington Territory; $163,893 in Idaho, and $417,000 in Colorado, and but $89,890 to encourage American steamers all over the world.

MAIL FACILITIES PROVIDED FOR SUMMER RESORTS.

During the summer season of 1888, in order that the good people who go to Nantucket and Martha's Vineyard might get their letters regularly, the Government of the United States paid a subsidy amounting to $12,093. This for five months. During the same time it paid $4,885—a little more than one-third as much—to build up a trade with Brazil. The little steam-boat on the Androscoggin lakes would have received a third more than the Red D line to Venezuela had it kept going the entire year, but it stopped when the summer boarders went home, and was satisfied with a subsidy of $3,700 for four months, while the Venezuela line got $6,000 for twelve months.

The excursion boat that plies between Watkins Glen and Geneva, N. Y., got twice as much in 1884 as the Venezuela steamers, and the ferry between Norfolk and Cape Charles got as much last year alone as the Red D Line has received in five years. The steamers of the Chesapeake Bay and its tributaries get $49,539 annually, or more than is paid to all the Central and South American lines, while the boat between Norforlk and Baltimore got $13,518 or $2,000 more than the line to Brazil. The coastwise steamers got $563,000 last year for less than 500,000 miles traveled, which is more than $1 a mile, while the steamers to South America and the West Indies traveled more than 2,000,000 miles, and got less than $48,000, 2 cents and 4 mills a mile.

SOME "ODOROUS" COMPARISONS.

During the fiscal year of 1889 the Government of the United States paid $48,996 to sustain our commerce with all of the countries in Central and South America. Of this sum the Pacific Mail Steam-ship Company received $22,688; the Brazilian Mail Steam-ship line $11,733; the "Red D" line $6,084, and the several steamers from New Orleans to Central America $3,893. These four steam-ship lines, which constitute our entire communication with Central and South America under the American flag, traveled a distance of 2,052,686 miles, which was just about 2 cents a mile. At the same time the coastwise steamers received $563,000 for sailing less than 500,000 miles, which is at the rate of more than $1 a mile. During the same year we paid $12,783 to carry the mails on the rivers of North Carolina, which was $950 more than was received by the line to Brazil.

We paid $79,636 to carry the mails on the rivers of Florida, which was $31,641 more than was paid for the entire service to Central America.

We paid $24,870 to carry the mails on the rivers of Kentucky, which

was $2,200 more than the Pacific Mail Steam-ship Company received for its entire service to Central and South America.

We paid the little steam-boat that runs between Louisville and Evansville $10,000 for its services for the fiscal year ending June 30, 1888, or very nearly as much as was paid to the Brazilian line; while the line running between Evansville and Paducah, Ky., got $10,879.

The steam-boat that runs between Cairo and Elmont, Ark., received $1,000 more than was paid to encourage commerce with Central America.

The steam-boat running between New Orleans and Partridge received $300 more than was paid to the line to Brazil, and the steam-boat between Tacoma and Port Townsend, Wash., got $29,700, which was more than was paid to both the Pacific Mail and the Red D Line, and more than twice as much as was paid to encourage commerce between San Francisco and Japan.

We paid $44,500 for mail transportation on the rivers of Arkansas, and $42,240 on the interior rivers of Louisiana, while we paid but $42,593 for our entire service upon the Pacific Ocean.

We paid $54,701 for mail service on the rivers of Washington Territory, or nearly three times as much as was paid to encourage commerce with Australia.

The following statement shows the cost of transportation of mails upon the star routes and inland steam-boats of the United States as compared with our ocean service on all American steamers during the last five years:

Routes.	1884.	1885.	1886.	1887.	1888.
Star routes	$5,089,941	$5,414,804	$5,900,000	$5,850,000	$4,959,192
Inland steam-boats	596,573	563,002	615,000	575,000	438,942
Ocean service	53,169	49,048	43,318	76,727	86,890

COMPLAINTS CONCERNING OUR STEAMSHIP SERVICE.

There is a great deal of complaint from most of the Central and South American ports about delays in the transportation of the mails to and from the United States. Under a sarcastic title of "A Great and Progressive Country," the Panama Star and Herald in a recent issue says:

The little steamer *Lucy P. Miller* left New Orleans on Sunday, 7th inst., and arrived at Colon on the 14th. It was reasonable to expect a mail by this direct arrival from the great and progressive United States of North America, seeing that so much has been said by the Post-Office Department at Washington about the splendid facilities for quick dispatch for Central and South America via New Orleans. But the public is doomed to disappointment. Only one small bag of mail matter, mostly newspapers, was brought by the *Lucy P. Miller*. The previous mail from the States came via Jamaica, and included dates up to about January 20. It is difficult to foretell with any degree of certainty when or from what point of the compass the next mail may arrive. If it could be expected that so lofty an official being as the Postmaster-

General of the aforesaid great and progressive United States of North America could descend so low as to consider the requirements of a whole continent that is dependent upon the high and mighty official whim it would seem possible that the present shameful disregard of the necessities of the public might be brought to an end.

THE HAVANA MAILS.

A recent number of the New York Times, which is opposed to "subsidies," contains the following:

The postmaster at Havana, Cuba, has been called upon by the Havana Boletin Comercial to demand from the post-office authorities at Washington a remedy for delays in the transition of mail matter from the United States to Cuba. It was stated in the article, which was published on April 29, that sixty bags of delayed mails had arrived on the steamer *Mascotte*, and that no mails had been received during the previous eight days, owing to the lack of transportation. "It is outrageous," the article further says, "that it should take from eight to ten days for a letter mailed at New York to reach Havana."

THE MAILS TO THE WEST COAST.

The New York Herald, which is also opposed to subsidies, in a recent issue, remarks:

Take for example the mails for Callao and Valparaiso. They formerly went by the Pacific Mail steamships direct to Colon at regular intervals, and thence across the Isthmus to Panama, where they seldom failed of a speedy connection with the British Pacific Steam Navigation Company's vessels down the South American coast. Now they go to Jamaica and await opportunity there to get to Colon by the Royal Mail steamships which touch at Kingston on their way from England to the Isthmus, or by any tramp steamer that may come along. The consequences are frequent failure of connections, much irregularity in the receipt of mails from New York at the west coast ports, and detriment to trade. There are electric cables, to be sure, to which resort can be had, but their rates are so high (several dollars per word) to the South Pacific that they are not available as a substitute for regular postal communication, by reason of the expense, apart from other considerations.

THE MAILS TO CHILI AND PERU.

The New York Tribune of a late date contains the following:

Daniel H. Davis, of No. 19, South William street, representing Davis Brothers, of Lima, Peru, yesterday showed an envelope which had contained a letter to his house in Peru, and which is ample testimony of the inefficiency of the mail service between New York and that country. The post-mark on the envelope indicates that it was received at the New York post-office April 13, and as the foreign mail post-office schedule had announced that the steamer *Foxhall*, sailing from New Orleans, would transport all mail received on that date it was marked "via New Orleans." The letter reached New Orleans April 16. On April 19 it was returned to New York, where it remained in the post-office until the next mail steamer from this port for South American points, and finally reached Lima on May 26, occupying forty-three days in traveling a distance ordinarily covered in twenty days. Mr. Davis brought the matter to the attention of Postmaster Pearson, by whom he was informed that "owing to quarantine regulations the steamship *Foxhall* had in the mean time discontinued her trips from that port to Colon, thus necessitating the return of your letter, with other correspondence similarly addressed, to this office for dispatch via Kingston, Jamaica." "Luckily the envelope merely contained tissue copies of letters dispatched by a private means," said Mr. Davis yesterday; "but this is only one instance of many."

On one occasion I had worked late into the night to prepare my mail for a steamer of one of the fruit lines by which the mails were advertised to be sent the following day. The next morning I learned upon scanning the post-office schedule that the sailing of that steamer had been indefinitely postponed. After the usual red-tape process I was permitted to withdraw my letters and sent them in another way. Most of the mails for Southern Pacific ports are shipped from here to Jamaica by steamers of the Atlas or Wessell lines, the latter of which is very irregular in its sailings, and the passage consumes about seven days. At Jamaica the bags are held over from one to fifteen days to await the touching at that port of a vessel of the Royal Mail or some other of the foreign lines stopping there en route to Colon. Thus all the important mail matter destined to the thirty-eight ports between Panama and Valparaiso touched by the steamers of the Pacific Steam Navigation Company is left for an indefinite period of time at Jamaica to trust to the arrival sooner or later of some foreign vessel to give it another lift. I have no interest in the Pacific Mail Steamship Company, but I think, for the preservation of the commerce of South America with th s country, which has been so much courted, that the Postmaster-General should give the Pacific Mail people a fair compensation for carrying the mails, and that a law should be passed compelling that company to carry them. At present our mail is confided to private hands to be carried to Panama and it is there posted to its destination.

Michael Grace, of W. R. Grace & Co., said that his firm had long since given up as hopeless the making of complaints regarding the mail service to the South Pacific coast and had started a little mail route of their own. Their letters are inclosed in a private bag and intrusted to the care of a passenger on a Pacific mail steamer or a private messenger and posted at Panama.

Joseph Agostini, of No. 20 Beaver street, sends his mail by Wells, Fargo & Co.'s express to Panama, as do De Castro & Co., of No. 54 William street. The average cost of transmission in this way is about 30 cents a letter as against 5 cents' postage from New York. De Castro & Co. complain that the delay in the transmission of their letters when they used the mails caused considerable loss to them owing to the strict regulations in vogue in South American custom-houses. Because the invoices were not on hand when the goods arrived the customs authorities placed valuations on them of from 10 to 20 per cent. in excess of their actual value and the consignees held the consignors responsible for the difference.

APPEAL OF THE GULF STATES MERCHANTS.

In May, 1886, the commercial bodies of the several Gulf ports of the United States presented a memorial to the Postmaster-General, which represents the view of the people of that section with regard to the disadvantage under which they suffer, because of our limited and irregular mail facilities. This memoral was as follows:

Hon. W. F. VILAS,
Postmaster-General of the United States:

SIR: Your memorialists, undersigned, would respectfully state that they have been delegated to represent a maritime interest of great positive and prospective importance, but to which increased and adequate facilities of commercial correspondence and intercourse are indispensable.

The Gulf front of this Republic constitutes the ocean boundary of the last tier of Southern States. It extends to the boundary of Mexico, a distance of 1,500 miles. Its principal ports are deep, capacious, safe, and adequate to the demands of any extent of commerce. These ports have an aggregate population of half a million and export little less than half the values exported by the whole Republic.

This Gulf front confronts all the chief ports of the Atlantic side of the American

continent, its islands, and its isthmus. These Gulf ports communicate with the western interior of the Union by the Mississippi River and its 18,000 miles of navigable tributaries, by the Alabama and the Chattahoochee Rivers, as also by a system of railroads which concentrate at New Orleans alone, 7,000 miles of lineal rail, and furnishes to Galveston, Mobile, and Pensacola complete communication with the same interior; thus all these ports are in regular mail and commercial correspondence with over 130,000 miles of American railroad, and are especially and directly connected with the great western commercial centers of Kansas City, St. Louis, St. Paul, Minneapolis, Milwaukee, Chicago, Detroit, Cleveland, Cincinnati, and Louisville, and also with the whole of Canada West, now filling so rapidly with population, industry, and wealth.

We will not tabulate the agricultural and manufacturing productions of this immense interior, but we may remark that it is the anxious inquiry of every civilized nation how the foreign market may be found for the productive surplus with which it is burdened. Happily this Republic is not under the necessity of acquiring such foreign market by conquest or by colonization. We occupy the temperate region of a continent whose tropical products lie at our side. The Gulf front ports are the gates through which this complimentary and reciprocal commerce should be conducted.

VALUE OF THE COMMERCE.

Already this commerce has attained large proportions. The foreign trade of the tropical and semi-tropical regions is estimated at a little less than $1,000,000,000; their aggregate population at 50,000,000. The commerce of the United States with these countries amounts to about $250,000,000. The necessity and the material for a direct interchange of commodities between these producers and consumers has been demonstrated. It would, therefore, be supposed that the intercourse between them would be intimate and unlimited, yet such is not the fact. An analysis of the articles of which our existing trade is composed undoubtedly comprehends cereals and animal food, much of which must have been derived from the western regions specified in this paper. We can even find in the manifest of cargoes shipped from our eastern Atlantic ports for Brazil goods from Illinois, Michigan, Indiana, Kansas, and even from Louisiana, on the shores of the Gulf of Mexico. This proves that the interior West is compelled to conduct its tropical exports over Eastern ways and around distant and dangerous coasts at an enhanced cost of time, freight, and insurance, and to the detriment of its own longitudinal transportation by rail and river, which would be the proper carriers of their tropical trade by way of the Gulf ports. A general proof of this abnormal disturbance of the laws of trade may be found in the general fact that New Orleans, the principal Gulf port proper for conducting the commerce of the West, has found her export of flour declined from 600,000 to 32,000 barrels, whilst St. Louis and Minneapolis send almost all their flour for foreign export across the Mississippi for Eastern shipment.

Another evidence of this perversion of trade is found in the following fact: According to the proportion of coffee and sugar consumed per capita by the people of the United States, the population of the western interior would be entitled to about two-fifths of the whole import of those articles.

TRADE OF THE GULF PORTS.

Assuming the coffee annually imported into the United States at 5,000,000 sacks, 2,000,000 thereof ought to be imported through the Gulf ports. It does not, however, appear that they received more than one-half million sacks, the greater part of which is imported through New Orleans, though that port exports no Western produce whatever in exchange. The proportion of the sugar imported through the Gulf ports is also small, while the dry hides, furniture, and medicinal woods, so valuable to the growing manufactures of the West, are imported almost entirely through the eastern Atlantic ports. We may add to these evidences of a perverted trade that the whole

correspondence and travel between the reciprocal regions treated of are compelled to seek the same indirect mode of communication. Now, if instead of the indirect communication between our western interior and South, Central, and Mexican America, the lines and direct longitudinal connection were extended by ocean steam, the time and cost of this commerce would be greatly economized and its profits placed with the inland carriers, to whom it justly belongs.

Would it not appear that, with perfected facilities for delivering the products of our own region and distributing those of the tropics—with Havana and Vera Cruz within two and a half days, and Panama within five and a half, of the port of New Orleans—that this connection would be made with the celerity of an electric circuit?

What, however, is the commercial fact? That the whole foreign export trade of the Gulf ports in Western produce has dwindled to insignificance, whilst the imports of tropical goods are wholly inadequate to the supply of the population geographically dependent upon them. We may give the fact that in the construction of the ship-canal at Panama the Western provisions, work animals, and other supplies chiefly of Western production, have been furnished to the contractors from eastern Atlantic ports and even from Europe, so that, with the exception of some lumber dispatched from the Gulf ports of Pensacola, Mobile, and New Orleans, little of the material furnished by our Western interior for the construction of this vast interoceanic work has been derived directly from the natural source of such supplies, but has been exported by the indirect route which we have described. Suppose, for example, we say that with proper overland and ocean facilities the city of Winnipeg, on the Red River of the North, could be placed within seven days of Panama, is it just to condemn our great Western cities and centers to employ opposition land lines to an Eastern port of tropical commerce, actually longer than the land line to New Orleans, a point directly on their way to that tropical commerce?

WHY THE GULF PORTS ARE BLOCKADED.

Do you ask a solution of this extraordinary blockade of our Gulf ports and perversion of its legitimate trade, travel, and correspondence?

It is to be found in the want of regular and adequate ocean steam postal service connecting the Gulf ports of the United States with those of the tropical regions of this continent.

That the people of the interior are not to blame for apathy upon this subject is shown by the conquest of a wilderness, their contribution to the wars and wealth of the Republic, and by the construction of some thousands of millions of dollars' worth of railroads. They have done their part on land. But they are not amphibious; they have not the capital nor the experience essential to build up a maritime interest without some aid and instruction. Congress has power "to regulate commerce between the States and with foreign nations," and to "establish post-offices and post roads."

Having thus made known to you, honorable sir, the fatal obstruction of direct trade between the interior west and the tropics, with the obvious mode of its removal, we have respectfully to submit that we need the establishment of a line of ocean postal steamers to run semi-monthly between the Gulf port of New Orleans and some port in the Windward Islands (W. I.). And we have respectfully to ask your recommendation to Congress for the same, upon such terms and schedules as in your official duty, judgment, and patriotism your may deem proper.

Respectfully submitted.

WM. M. BURWELL, of New Orleans.
ROBT. C. WOOD, of Louisiana.
S. C. COBB, of Pensacola.
D. MCRAE, of Arkansas.

WASHINGTON, D. C., *May* 22, 1886.

AN APPEAL FROM SAN FRANCISCO.

There has recently been held in San Francisco a conference of business men to consider the best means of extending trade on the Pacific coast. Among other reports presented was one on the subject of establishing and maintaining permanent ocean mail steamship lines. The first reference was to the mail service of San Francisco and Vancouver with China and Japan. The Canadian Pacific three steamers are subsidized at the rate of nearly $38,000 per round trip for each steamer, while the eight steamers of the two American companies running from San Francisco are allowed $400 apiece for the round trip. The report declares that the statement of the fact is enough to condemn the parsimonious conduct of our Government in respect to the ocean commerce, and to excite admiration for the liberal and progressive policy of England and Canada.

Among other striking features presented is the fact that the Australian and New Zealand mails to and from San Francisco are carried by the American Steamship Company, which receives $24,000 yearly from the Hawaiian Government, $200,000 from the Australian and New Zealand, and about $4,000 from the United States, which latter sum has lately been increased to $47,000, owing to dissatisfaction of the New Zealand Government.

Resolutions were submitted, calling upon Congress to enact the necessary laws and appropriate a sufficient sum of money to enable American steam-ship lines to compete with the foreign subsidized lines running to China and Japan, South American points, New Zealand and Australia, and Mexican, Central American, and British Columbian points. Resolutions also favor the adoption of the French scale of navigation construction, naval bounties for ships, provided that the ships be built with a view to being enrolled in the naval reserve list.

III.

HISTORY OF OUR FOREIGN MAIL SERVICE.

Previous to 1845 the United States had no regular mail service on the ocean, but letters were sent upon sailing-ships that happened to be bound for the ports to which they were addressed.

On the 3rd of March of that year, however, an act was passed by Congress authorizing the Postmaster-General to make contracts with the owners of American vessels, steam-ships preferred, for terms of not less than four nor more than ten years, for the regular transportation of mails upon the sea. The rates of compensation as fixed by the law were as follows:

For each letter or package weighing not more than one-half ounce to France or England, or any other country not more than 3,000 miles distant, 24 cents, with the inland postage added if the letter were mailed at any interior post-office.

Upon letters and packages weighing more than one-half ounce and less than one ounce, 48 cents, and 15 cents for each one-half ounce additional.

Upon letters and packages for the West India Islands or the ports on the Gulf of Mexico, 10 cents, with double postage if they exceeded one-half ounce, and 5 cents for every half ounce additional, with the inland postage added if they were mailed at an interior post-office.

Upon newspapers and other second class matter the rate was 3 cents per ounce to all ports, with inland postage added.

For distances greater than 3,000 miles these rates were doubled.

TEN YEARS' CONTRACTS IN 1845.

Under the authority of this act the Postmaster-General entered into a contract for ten years with "The Ocean Steam Navigation Company" for the transportation of the United States mails to Southampton, Havre, and Bremen. The arrangement went into effect in 1848, and under it the following sums of money were annually paid:

Year.	Amount.	Year.	Amount.
1848	$100,500	1853	$183,333
1849	200,000	1854	183,333
1850	200,000	1855	200,000
1851	166,416	1856	200,000
1852	200,000	1857	200,000

And it may be said that during the last year the entire sum paid for the transportation of mails to all ocean ports was only a little more than double the amount paid for the service to these three ports in 1849, although the foreign commerce of the United States has increased from $293,000,000 in 1849 to $1,525,663,000 in 1888.

Then no limit was placed upon the amount of money to be expended for the foreign mail service. It was left entirely to the discretion of the Postmaster-General, and he was allowed to extend it "whenever in his opinion the public interests would be promoted." Now he is limited by Congress to a fixed sum.

THE ACT OF 1848.

On the 3d of March, 1848, another law was passed authorizing the expenditure of $130,000 annually under similar contracts for weekly mails, "or oftener if he thinks the public interests require," to the ports of Mexico and the West Indies, and he was authorized to use a naval vessel if necessary.

During the last year the sum of $1,062 was paid for a similar service.

The same act of March 3, 1848, authorized the Postmaster-General to make a contract for ten years for the establishment of a regular weekly service between the United States, Havana, and the Isthmus of Panama, for which $100,000 was annually appropriated.

Last year we paid $20,153 for a similar service from New York.

THE ACT OF 1851.

Then, on the 3d of March, 1851, a general law was passed authorizing the Postmaster-General to make contracts "for better postal intercourse with foreign countries" whenever in his opinion the public interests could be promoted.

Under this authority contracts covering a period of eleven years were entered into between the Postmaster-General and M. C. Mordecai, contractor for the conveyance of the United States mails between the ports of Charleston, Savannah, Key West, and Havana; and the total sum granted in compensation for said service amounted to an aggregate of $573,418.22, amounting to annual compensation as follows:

Year.	Compensation.	Year.	Compensation.
[illegible]	$35,086.22	1855	$58,332.00
[illegible]	50,000.00	1856	50,000.00
[illegible]	50,000.00	1857	60,000.00
[illegible]	50,000.00	1858	60,000.00
[illegible]	50,000.00	1859	60,000.00
[illegible]	50,000.00		

SERVICE TO FRANCE.

[illegible]acts were also executed between the Postmaster-General and [illegible]n Steam Navigation Company for the conveyance of the United

States mail from New York to Havre, for which the sum $1,060,378.19 was paid, amounting to annual compensation as follows:

Year.	Compensation.	Year.	Compensation.
1851	$73, 550. 00	1855	$150, 000. 00
1852	150, 000. 00	1856	150, 000. 00
1853	150, 000. 00	1857	149, 500. 00
1854	137, 500. 00	1858	99, 828. 19

SERVICE TO LIVERPOOL.

And with E. K. Collins and associates for the conveyance of the United States mails between New York and Liverpool, for which the sum of $5,212,091.89 was paid, amounting to annual compensation as follows:

Year.	Compensation.	Year.	Compensation.
1850	$57, 750. 00	1855	$858, 000. 00
1851	385, 000. 00	1856	822, 000. 00
1852	621, 500. 00	1857	501, 256 89
1853	858, 000. 00	1858	250, 585. 00
1854	858, 000. 00		

SERVICE TO PANAMA.

Contracts were entered into with C. H. Aspinwall for the conveyance of the United States mails between San Francisco, Astoria, and Panama, agreeable to the acts of March 3, 1847, and March 3, 1851, for which the sum of $3,467,763.93, was paid, amounting to annual compensation as follows:

Year,	Compensation.	Year.	Compensation.
1850	$308, 173. 62	1856	$347, 650. 00
1851	275, 425. 90	1857	348, 250. 00
1852	357, 346. 41	1858	348, 250. 00
1853	346, 250. 00	1859	348, 250. 00
1854	348, 250. 00	1860	931, 108. 50
1855	346, 379. 50		

SERVICE TO ASPINWALL.

And between the Secretary of the Navy and George Law and associates for the conveyance of the United States mails from New York to Aspinwall, for which the sum of $2,889,510.79 was paid, amounting to annual compensation as follows:

Year.	Compensation.	Year.	Compensation.
October 1, 1848, to June 30, 1851	$515, 425. 90	1856	$286, 600. 00
1852	276, 394. 18	1857	288, 450. 00
1853	284, 500. 00	1858	289, 000. 00
1854	289, 000. 00	1859	290, 000. 00
1855	290, 000. 00	1860	80, 130. 71

A REMARKABLE CONTRAST.

As a contrast between the mail pay of our West India steam-ships to-day and that of forty years ago, let me insert here the following, which explains itself:

POST-OFFICE DEPARTMENT, OFFICE OF FOREIGN MAILS,
Washington, D. C., July 25, 1889.

GENTLEMEN: I have to inform you that the Postmaster-General has recognized the service of American steamers *Santiago, City of Washington, Saratoga, Niagara, Cienfuegos, City of Alexandria, Manhattan, City of Columbia, City of Atlanta*, and *Seneca*, of the New York and Cuba Mail Line, in transporting the United States mails from New York to Cuba and Mexico during the quarter ended June 30, 1889, at the sum of $334.80, being the amount of the United States sea and inland postages on the mails conveyed by American steamers, calculated at $1.60 per pound for letters and 8 cents per pound for newspapers, etc., and that the same will be referred to the Auditor for payment to you at New York, N. Y.

The separate earnings of each steamer are stated on the sheets hereto annexed.

I am, very respectfully, your obedient servant,

S. W. BROOKS,
Acting Superintendent Foreign Mails.

Messrs. JAMES E. WARD & CO.,
Agents, etc.

THE ACT OF 1852.

The act of August 30, 1852, provided as follows:

Postmaster General authorized to contract for a term of five years and for a sum not exceeding $100,000 per year for a tri-monthly mail from New Orleans via Tampico to Vera Cruz and back in steam-vessels not less than 500 tons burden.

And was the authority for the contract between the Postmaster-General and E. H. Carmick for the conveyance of United States mails from New Orleans to Vera Cruz, for which the sum of $167,584.96 was paid, amounting to annual payment as follows:

Year.	Compensation.	Year.	Compensation.
1853	$7,750.00	1856	$30,515.63
1854	37,200.00	1857	29,062.32
1855	34,003.12	1858	29,053.89

THE ACT OF 1855.

The act of March 3, 1855, provides as follows:

SEC. 8. Appropriation for transportation of mails from New York to Liverpool for year ending June 30, 1856, $819,500; New York to New Orleans, Charleston, Savannah, Havana, and Chagres and back, $261,000; Panama to California and Oregon and back, $328,350; for carrying out contract under provisions of act approved August 30, 1852, for tri-monthly mail by steam-vessels from New Orleans and Vera Cruz via Tampico, $69,750.

SEC. 9. Appropriation, transportation of mails in two steam-ships from New York by Southampton to Bremen and back, $100,000 for each ship, and in two steam-ships from New York by Cowes to Havre and back, $75,000; for each ship under contract

with Oregon Steam Navigation Company, of New York, for $350,000; transportation from Charleston to Havana, $50,000; across Isthmus of Panama, $150,000.

SEC. 10. Appropriated to supply deficiences from New York to Liverpool and back, $559,238.65; from New York to New Orleans, Charleston, and Savannah, Havana and Chagres and back, $202,378.21; from Panama to California and Oregon and back $249,242.02.

SEC. 11. Appropriated for transportation of mails ending June 30, 1855, for transportation of mails in two steam-ships from New York by Southampton to Bremen, $100,000 for each ship, and in two steam-ships from New York by Cowes to Havre and back, $75,000 for each ship, under contract with Oregon Steam Navigation Company, of New York, $350,000; for transportation of the mails between Charleston and Havana, under contract with M. C. Mordecai, $50,000; for transportation across the Isthmus of Panama, $120,000.

Under this authority the following contract between the Postmaster-General and the Louisiana and Tehuantepec Steam-ship Company was made for the conveyance of the United States mails from New Orleans to San Francisco via the Isthmus of Tehuantepec, for which the sum of $227,381.53 was paid, amounting to annual compensation as follows:

1859	$161,684.79
1860	65,896.74

THE ACT OF 1858.

The act of June 14, 1858, restricted the compensation to the postages on the mails transported, and reads as follows:

SEC. 1. From New York to Liverpool and back, $346,500, and it is provided that there be paid Post-Office Department out of said appropriation such sums as may be required to procure the transportation of the mails from New York to Liverpool and back on such days as Collins' Line may fail to take them from New York. For transportation from New York to New Orleans, Charleston, Savannah, Havana, and Chagres and back, $261,000. For transportation from Panama to California and Oregon and back, $328,350.

SEC. 2. Paid to Post-Office Department out of appropriation of $346,500, granted first section of act of March, 1857, for transportation of mails from New York to Liverpool and back, $16,757.75, for five outward trips from New York to Liverpool, * * * when Collins' Line failed to perform service, and further sum $35,000 out of aforesaid appropriation to procure transportation of mails from New York to Liverpool and back, on 24th April, 8th and 22d of May, 5th and 19th of June, 1858, if Collins' Line fails to perform service.

SEC. 3. For transportation from New York, by Southampton or Cowes to Havre, $230,000. For transportation between Charleston and Havana, $50,000. For transportation across Isthmus of Panama, $100,000.

SEC. 4. Postmaster-General not to contract for carrying mails by sea for more than two years, nor for other pay than sea and inland postage.

SEC. 5. Postmaster-General may cause mails to be transported between the United States and foreign ports by steam-ship for the sea and United States inland postage and sea postage only if by a foreign vessel; preference to be given American vessels.

(Approved June 14, 1858. 11 U. S. S. at L., 364.)

This act authorized the contracts between the Postmaster-General and the following companies and American citizens:

SERVICE TO SOUTHAMPTON AND BREMEN.

Cornelius Vanderbilt, for conveyance of United States mails from New York to Southampton and Bremen, for which payment was made as follows:

1858	$100,585.93

SERVICE TO SOUTHAMTON AND HAVRE.

Cornelius Vanderbilt, for the conveyance of the United States mails from New York to Southampton and Havre, for which the sum of $260,144.55 was paid, amounting to annual compensation as follows:

1859	$104,283.65
1860	119,365.20
1861	36,495.70

SERVICE TO HAVANA AND NEW ORLEANS.

The New York and New Orleans Steam-ship Company, for the conveyance of United States mails from New York to Havana and New Orleans, for which the sum of $67,261.24 was paid, amounting to annual compensation as follows:

1859	$17,213.48
1860	20,414.41
1861	29,633.35

SERVICE TO SOUTHAMPTON AND HAVRE.

The New York and Havre Steam-ship Company, for the conveyance of United States mails from New York to Southampton and Havre, for which the sum of $310,081.03 was paid, amounting to annual compensation as follows:

1859	$94,977.44
1860	94,489.77
1861	87,104.12
1862	33,509.70

SERVICE TO SOUTHAMPTON AND HAVRE.

The North Atlantic Steam-ship Company, for the conveyance of the United States mails from New York to Southampton and Havre, for which the sum of $47,869 was paid, amounting to annual compensation as follows:

1860	$14,294.73
1861	33,574.27

SERVICE TO HAVANA.

M. O. Roberts, for the conveyance of United States mails from New York to Havana, for which the sum of $23,556.55 was paid, amounting to annual compensation as follows:

1860	$15,062.43
1861	8,494.12

SERVICE TO THE ISTHMUS AND SOUTH PACIFIC.

Cornelius Vanderbilt, for the conveyance of the United States mails to the Isthmus and South Pacific, for which the sum of $69,892.56 was paid, amounting to annual compensation as follows:

1861	$8,001.26
1862	17,912.91
1863	15,078.26
1864	14,208.51
1865	14,691.62

SERVICE TO HAVANA.

Hargous & Co., for the conveyance of the United States mails from New York to Havana, as follows:

1861	$11,894.75

SERVICE TO HAVANA.

Spofford, Tileson & Co., for the conveyance of the United States mails from New York to Havana, for which the sum of $155,534.86 was paid, amounting to annual compensation as follows:

1862	$22,296.47
1863	34,660.88
1864	26,769.10
1865	34,417.29
1866	37,391.12

SERVICE TO HAVANA.

Ludlow, Heineken & Co., for the conveyance of the United States mails from New York to Havana, for which the sum of $39,882.60 was paid, amounting to annual compensation as follows:

1863	$21,608.85
1864	13,219.18
1865	5,054.57

SERVICE TO HAVANA.

James E. Raynor, for the conveyance of the United States mails from New York to Havana, as follows:

1864	$5,331.85

SERVICE TO THE ISTHMUS AND SOUTH PACIFIC.

The Atlantic Steam-ship Company, for the conveyance of the United States mails to the Isthmus and South Pacific, for which the sum of $12,836.97 was paid, amounting to annual compensation as follows:

1865	$7,769.57
1866	5,067.40

SERVICE TO HAVANA.

Smith & Dunning, for the conveyance of the United States mails from New York to Havana, as follows:

1876	$14,936.42

SERVICE TO HAVANA.

Garrison & Allen, for conveyance of the United States mails from New York to Havana, as follows:

1876	$8,184.15

SERVICE TO HAVANA.

The American and Mexican Steam-ship Company, for the conveyance of the United States mails from New York to Havana, as follows:

1866	$6,130.63

SERVICE TO HAVANA.

The West India Mails Steam-ship Company, for the conveyance of United States mails from New York to Havana, for which the sum of $51,608.43 was paid, amounting to annual compensation as follows:

1867	$28,310.29
1868	23,298.14

SERVICE TO HAVRE.

The New York and Havre Steam-ship Company (Isaac Bell, president), for the conveyance of the United States mails from New York to Havre, for which the sum of $153,207.43 was paid, amounting to annual compensation as follows:

1866	$49,162.65
1867	73,052.92
1868	30,984.86

SERVICE TO BREMEN.

The North American Lloyds Steam-ship Company, for the conveyance of the United States mails from New York to Bremen, for which the sum of $24,838.21 was paid, amounting to annual compensation as follows:

1866	$8,471.09
1867	16,367.12

SERVICE TO LIVERPOOL.

The Baltimore and Liverpool Steam-ship Company, for the conveyance of the United States mails from Baltimore to Liverpool, for which compensation was made as follows:

1867	$6,500.77

SERVICE TO HAVANA.

The Atlantic Steam-ship Company, for the conveyance of the United States mails from New York to Havana, for which the sum of $226,775.09 was paid, amounting to annual compensation as follows:

1868	$16,278.86
1869	62,847.18
1870	60,802.06
1871	35,484.00
1872	35,456.60
1873	15,906.39

SERVICE TO THE ISTHMUS AND SOUTH PACIFIC.

The Pacific Mail Steam-ship Company, for the conveyance of United States mails to the Isthmus and South Pacific, for which the sum of $256,030.38 was paid, amounting to annual compensation as follows:

1866	$12,310.05
1867	22,921.33
1868	19,476.89
1869	7,907.86
1871	21,765.97
1872	24,576.22
1873	27,571.78
1874	26,256.50
1875	27,728.74
1876	16,104.52
1877	15,115.07
1878	19,237.01
1879	14,958.44

SERVICE TO HAVANA AND VERA CRUZ.

The New York, Havana and Mexican Steam-ship Company, for the conveyance of the United States mails from New York to Havana and Vera Cruz, for which the sum of $148,940.43 was paid, amounting to annual compensation as follows:

1871	$7,770.67
1872	11,178.57
1873	27,137.39
1874	33,828.83
1875	31,920.14
1876	12,859.89
1877	11,675.30
1878	5,954.07
1879	6,615.57

SERVICE TO HAVANA.

The New York and Havana direct line for the conveyance of United States mails from New York to Havana, for which the sum of $31,439.46 was paid, amounting to annual compensation as follows:

1875	$20,069.16
1876	6,113.98
1877	5,256.32

SERVICE TO JAPAN AND CHINA.

The Pacific Mail Steam-ship Company, for the conveyance of the United States mails from San Francisco to Japan and China and Australia, for which the sum of $17,592.69 was paid, amounting to annual compensation as follows:

1878	$8,017.83
1879	9,574.86

A temporary contract was entered into by the Postmaster-General and Cornelius Vanderbilt for the conveyance of the United States mails from New York to New Orleans and San Francisco, via Havana and Aspinwall, from October 1, 1859, to June 30, 1860, for which the sum of $187,500 was paid.

THE ACT OF 1860.

The act of June 15, 1860, authorized the Postmaster-General to cause mails to be transported between the United States and any foreign port or ports, or between any port of United States and any other port of United States, touching at foreign ports, by steam-ship; allowing and paying therefor, if by an American vessel, the sea and inland United States postage; if by foreign vessel, sea postage only. Preference given American steam-ships.

The act of February 19, 1861, appropriated for carrying mails from New York, via Panama, to San Francisco, three times a month, from July 1, 1860, to July 1, 1861, at a rate of $350,000 per annum, which sum shall be deducted from amount of postage received on said route.

This was authority for a contract between the Postmaster-General and Cornelius Vanderbilt for the conveyance of the United States mails from New York to San Francisco, via Panama, for which a compensation of $350,000 was made.

THE ACT OF 1864.

The act of May 28, 1864, authorized monthly mail communication between Brazil by first-class sea-going steam-ships, not less than 2,000 tons burden, sufficient in number to perform twelve round trips or voyages per annum between a port of the United States north of Potomac River and Rio Janeiro in Brazil, touching at St. Thomas, at Bahia, Pernambuco; expense to be divided; portion of the United States not to exceed $150,000 per year for twelve trips; the Postmaster-General to invite proposals and contracts to lowest responsible bidder for a term of ten years, to go into effect September 1, 1865; steam-ships to be most approved model, etc.; steam-ships to be exempted from port charges and custom-house dues at port of departures and arrival at the United States, provided similar exemption is granted by Brazil.

THE SERVICE TO BRAZIL.

This was authority for a contract, covering a period of ten years, between the Postmaster-General and the New York and Brazil Steam-ship Company for the conveyance of the United States mail from New York to St. Thomas and Rio de Janeiro, for which a sum of $1,500,000 was paid, amounting to an annual compensation as follows:

Year.	Compensation.	Year.	Compensation.
1866	$112,500	1872	$150,000
1867	150,000	1873	150,000
1868	150,000	1874	150,000
1869	150,000	1875	150,000
1870	150,000	1876	37,500
1871	150,000		

SERVICE TO CHINA AND JAPAN.

The acts of February 17, 1865, and February 18, 1867, authorized the Postmaster-General to invite proposals for mail steam-ship service between the United States and China and Japan, from San Francisco, monthly trips; lowest responsible bidder to have contract for ten years; bids from all citizens, and not to call for over $500,000 per year for twelve round trips, nor unless by a citizen of the United States, and accompanied by offer of good sureties; contract to go into effect January 1, 1867; ships constructed on best approved model, subject to inspection by Secretary of Navy and Postmaster-General.

THE PACIFIC MAIL SUBSIDY.

The act of February 18, 1867, appropriated for mail steam-ship service between the United States and Brazil $150,000, and for mail steam-ship service between San Francisco, Japan, and China, $500,000, to be by American vessels. Under this authority a contract was made between the Postmaster-General and the "Pacific Mail Steam-ship Company," covering a period of ten years, for the conveyance of the United States mails from San Francisco to China and Japan via the Sandwich Islands, for which service the sum of $4,583,333.32 was paid, amounting to an annual compensation as follows:

Year.	Compensation.	Year.	Compensation.
1867	$83, 333. 33	1873	$500, 000. 00
1868	291, 666. 66	1874	500, 000. 00
1869	458, 333. 33	1875	500, 000. 00
1870	500, 000. 00	1876	500, 000. 00
1871	500, 000. 00	1877	250, 000. 00
1872	500, 000. 00		

THE HAWAIIAN ISLANDS SUBSIDY.

The act of March 2, 1867, authorized the Postmaster-General to advertise for proposals for monthly steam-ship service between San Francisco and Honolulu, by means of first-class American sea-going steam-ships not less than 1,000 tons burden, to be given to the lowest bidder, but no bids considered which amount to more than $75,000 for twelve round trips, to be made by American citizens, with good sureties.

This was authority for a contract between the Postmaster-General and the California, Oregon, and Mexican Steam-ship Company, for the conveyance of the United States mails from San Francisco to Honolulu, for which the sum of $425,000 was paid, amounting to an annual compensation as follows:

Years.	Compensation.	Years.	Compensation.
1868	$56, 250	1872	$75, 000
1869	68, 750	1873	75, 000
1870	62, 500	1874	12, 500
1871	75, 000		

In 1864 Congress passed what was known as "The Compulsory Act," which required all steam-ships bearing the flag of the United States to accept mails from any port in this country or from any foreign port to the United States before they could obtain a clearance, and their compensation was limited to sea postage, which at that time was as follows:

THE OLD RATES OF POSTAGE.

Rates of postage from the United States before the adoption of the uniform rate under the postal union system.

Countries or places of destination.	Letters per one-half ounce.	Newspapers.		Other printed matter.					Patterns and samples of merchandise, per 4 ounces or fraction thereof.
		Each, irrespective of weight.	Each, if not exceeding 4 ounces in weight.	Not over 1 ounce in weight.	Over 1 ounce but not over 2 ounces.	Over 2 ounces but not over 4 ounces.	Every additional 4 ounces or fraction thereof.	Per 4 ounces or fraction thereof.	
	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.
Japan	10	2	.....	*2	*2	*2	*2	*2	.....
Australia, British mail via Southampton and Suez	16	.....	4	4	8	14	14	.....	.....
Australia, British mail via Brindisi and Suez	22	.....	8	.....	.....	.....	.....	20	†20
New Zealand, British mail via Southampton	16	.....	4	4	8	14	14	.....	.....
New Zealand, British mail via Brindisi	22	.....	8	.....	.....	.....	.....	20	†20
Panama	10	.....	*2	*2	*2	*2	*2	.....	.....
Rio de Janeiro	15	.....	(‡)	(‡)	(‡)	(‡)	(‡)	.....	.....
Buenos Ayres	18	.....	4	.....	.....	.....	.....	10	10
Callao	22	.....	4	.....	.....	.....	.....	10	10
Valparaiso	22	.....	4	.....	.....	.....	.....	10	10

* Two cents per 2 ounces. † Book packet rate.

‡ Domestic rates, adding 1 cent for each newspaper, and 1 cent per ounce on other printed matter.

THE REDUCTION OF OCEAN POSTAGE IN 1874.

In 1874 the United States entered what is known as the Postal Union, under which postage was fixed at 5 cents per one-half ounce to every port in the world, and the compensation paid for the transportation of the mails was thereby greatly reduced. The steamers to Japan were paid 8 cents less per letter; to Australia via the Suez Canal 14 cents less, and via Brindisi 20 cents less; to Panama the compensation was reduced 8 cents; to Brazil 18 cents; to Buenos Ayres 16 cents, and to Callao and Valparaiso 20 cents—for the steam-ship companies received but 2 cents per letter, that being the difference between inland and foreign postage, and no distinction was made for the distance a letter was carried.

It was never intended to make this reduction of postage at the expense of the steam-ship companies, but nevertheless they alone suffered, for Congress, when the Berne treaty was ratified, made no change in the

law fixing the compensation for the transportation of ocean mails, and has made none since.

In the winter of 1884 the compulsory law was repealed. The reports of the South American Commission awakened an interest in the extension of our trade and Congress made an effort to be fair. A joint select committee on American shipping was appointed, which, after spending several months in an examination of the subject, reported as follows:

REPORT OF THE COMMITTEE ON AMERICAN SHIPPING.

The law, as it exists (section 3976, Rev. Stat.), compels the master of every American vessel engaged in the foreign trade to carry such United States mails as may be tendered him by the Post-Office Department, and allows him as compensation for such service a sum not exceeding 2 cents per letter carried. In no case is this an adequate compensation, and in some instances it does not pay the cost to the vessel of delivering the mails at the post-office in the port of arrival. The pay to United States vessels in the foreign trade for transporting the mails in 1880 was only 2¼ cents per mile, while at the same time the steamers on our coast which contracted to carry the mails received 57¼ cents per mile for mail service. The contrast between our inadequate mail pay to American vessels engaged in the foreign trade and the very liberal mail pay given by Great Britain to her steam-ship lines only serves to show more clearly the injustice and lack of wisdom of our policy. Since 1840 England has paid more than $250,000,000 for mail service, with the deliberate purpose of establishing and maintaining steam-ship lines to connect the United Kingdom with all ports of the world. Even in the last year she paid about $3,000,000 to her steam-ship lines for mail service, which was $1,641,300 more than she received from mail matter transported by them.

THE "COMPULSORY" LAW.

This report also called attention to the remarkable fact that sections 3976 and 4203 provided that no American ship bound to or from a foreign port could obtain a clearance until it had taken on board any mail which should be offered it either by the United States Government or any of its representatives, so that American steam-ship companies were obliged to call for mails at all post-offices at ports of departures, and deliver them at all post-offices at the ports of entry at their own expense.

The payment which the carrier was entitled to receive was 2 cents per letter, irrespective of weight or the distance it might be transported, or, at the option of the Government, the carrier might receive the sea postage, amounting to about 1⅔ cents per half ounce—this payment being also made without regard to the extent or character of the service rendered.

Compulsory laws did not apply to foreign ships plying between American and foreign ports, which in many instances were heavily subsidized, nor to American ships engaged in the coastwise trade, which are by law kept free from competition from foreign ships. Foreign steamers earned from the United States Government, in some instances, as much as 80 cents per mile for mail service performed by them, and

single lines of American ships engaged in the coastwise trade earned as much for mail service as all the American foreign-bound steam-ships put together, so that in the year 1884 the proscribed American steamships, foreign bound, received for an aggregate mileage of 1,750,000 miles the sum of $50,000, or about three cents a mile, while at the same time the Government paid over $350,000 to foreign ships for carrying the mails over only a slightly greater distance, and American coastwise steamers earned an average of about 66 cents per mile.

SOME INTERESTING FIGURES.

In the course of debate it was developed that the compensation of the principal railway routes was from $375 to $1,155 per mile per annum, and that of the routes of smaller importance from $45 to $350 per annum; that of the thousands of railway routes only two hundred or three hundred earned the compensation paid by the Government, and that it was likewise true that in a great majority of cases postage on the mails carried on the railroads fell very far short of reimbursing the Government for the cost of service over them; that in the payment for internal steam-boat service, upon star routes, stage-coaches, and other means of transportation, millions of dollars were yearly expended, for which, probably, in no single instance, was the Government compensated by the postage received.

THE FACTS IN THE CASE.

It seemed to be generally conceded that the service to be rendered by American ships engaged in the foreign trade for carrying the mail should be paid for on the basis of the distance actually traveled, rather than upon the basis of the amount of mail actually carried, for the following, among other reasons:

(1) American mail carriers meet with the competition of foreign ships usually heavily subsidized, and all operated at far less expense than American ships could be, the latter being obliged to pay larger wages to officers and men and to afford better subsistence to their crews.

(2) American ships which contracted to carry the mails would probably be obliged, by the terms of their contract, to perform the service at prescribed rates of speed and at specified and regular days, so that the transit should be performed by them whether freight and passenger traffic were obtained or not.

(3) Unlike railroads, which can and do build up large local business in addition to the through business between termini, the mail-carrying steam ship, besides running much greater risks than a railroad, must rely solely on its through business, and can make no earnings, but only large disbursments during trips, which, in the case of ships engaged in the Australian and Chinese trade, cover a period of twenty-six days.

(4) The mileage basis is that which has been assumed by all the leading nations in making contracts of a similar nature. And

Finally. The weight of mail or number of letters carried, it was conceded was no fair criterion of the amount of payment to be made since the amount of mail matter carried to Central and South American, Mexican, Pacific, and South Pacific ports, the places with which it was most desirable that commerce should be maintained, would necessarily for many years be comparatively small while the distance traversed would be very great.

These reasons appeared so cogent that when the bill was originally reported to the Senate that committee unanimously recommended that the Postmaster-General be authorized to enter into contracts with American steam-ships engaged in the foreign trade, and to pay them not exceeding $1 a mile for the trip outward and inward, and this provision passed the Senate, after several days of discussion, by a vote of 45 to 11.

REPORT OF THE SHIP-BUILDING COMMITTEE.

The Special Committee on Ship-Building and Ship-Owning Interests of the House of Representatives, of which General Slocum was chairman, unanimously reported, through Mr. Hunt, of Louisiana,* a bill embodying the substance of the Senate amendment above referred to and which, although at the head of the Calendar and made an early special order, failed to be reached for consideration. Its substance, however, was embodied as a part of the Post-Office Appropriation bill, but being by many members of the House believed not to be germane to that bill and for other reasons was defeated by a voted of 130 to 112. This appropriation bill, when it came to the Senate, was amended by a provision as follows:

THE ACT OF 1885.

For transportation of foreign mails, including transit across the Isthmus of Panama, $800,000. And the Postmaster-General is hereby authorized to enter into contracts for the transportation of any part of said foreign mails, after legal advertisement, with the lowest responsible bidder, at a rate not exceeding 50 cents a nautical mile on the trip each way actually traveled between the terminal points, provided that the mails so contracted shall be carried on American steam-ships, and that the aggregate of such contracts shall not exceed one-half of the sum hereby appropriated.

In the course of debate upon this amendment, which passed the Senate by a vote of 30 to 18, it was demonstrated that the revenue of the Government from its foreign mails for the year 1884 was $2,157,622.63, the expenditures entailed therein $362,804.22, leaving as a net revenue, without charge for estimated cost of interior service, the sum of $1,794,818.41. It was claimed that this was not entirely a profit to the Government, because the estimated cost of interior domestic mail service should be deducted. This was estimated at $1,069,089.59, leaving, at the very least, a profit to the Government upon its foreign mail service of $725,728.82. That this overplus (the only overplus existing in the mail business of the Government) should be devoted in part to the encouragement of commerce was believed to be only fair.

* The full report will be found in the Appendix.

PROFITS TO THE GOVERNMENT ON FOREIGN POSTAGE.

As an example of how this profit is earned by the Government, and as a fit illustration of the policy of the United States as distinguished from that pursued by other Governments, the following instance was referred to, and may be cited:

In 1875 a postal contract was entered into between the Colonial Governments of New Zealand and New South Wales and the Pacific Mail Steamship Company, whereby the former agreed to pay the latter a subsidy of $400,000 per annum for a monthly service of four ships to be maintained between San Francisco and the colonies. This subsidy was paid for the transportation of the colonial mails to America, and the British overland mails from San Francisco to the colonies. With this large payment the line was just about self-sustaining. Without it it could not have existed. The Government of the United States paid for its outward mails for six months the amount of $5,802.82. The United States Government received for letters to the colonies 12 cents per half ounce, and for newspapers 2 cents per half ounce. It paid to the Pacific Mail Company 6 cents per half ounce on letters and nothing upon newspapers, so that during the year 1884 the amount of postage received by the Government on United States mail sent from San Francisco to Australian colonies was $36,479.30. The whole amount paid for transportation was $11,479.68, leaving a net profit to the Government of $24,999.62.

THE AUSTRALIAN MAIL SERVICE.

The United States received from the British Government for the transportation of the Australian British closed mails, conveyed between New York and San Francisco, 6 francs per kilogram for letters, 2 francs per kilogram for papers, or 52½ cents per pound for letters and 17½ cents per pound for papers. Out of this the Government paid to overland roads for transportation of the mail, which it never opened, handled, or inspected, only the sum of 26 cents per pound for letters, pocketing the residue and paying not one cent to the steam-ship company for the conveyance of the mails from San Francisco to Australia, so that the Government earned a clear profit of 26½ cents per pound on the mails for doing nothing. The overland railroads received 26 cents per pound for carrying the mails 3,000 miles, and the Pacific Mail Steam-ship Company, for transporting them 7,000 miles from San Francisco to Australia, received nothing from this Government, so that it may be fairly estimated that at every departure of a Pacific Mail steamer from the port of San Francisco for Australia the Government realized a profit of $5,000 and upwards.

THE VENEZUELA SERVICE COMPARED

The pay given to the Red "D" line during the same year will also afford a fair illustration of the inadequacy of compensation. It per-

formed thirty-one trips, traveled 127,800 miles, received $1,236.40, equal to about 1 cent per mile, or $40 for each round trip of 4,260 miles, or $8 for each of the five ports called at. The entire sea and inland postage proffered by the Postmaster-General for future service would not quite triple this sum, and would be about $24 for each port.

The Senate amendment passed the House by a vote of 98 to 89, and a motion to reconsider was voted down by yeas 102, nays 79.

The appropriation of $800,000 was not available until the commencement of the new fiscal year, July 1, 1885. The repeal of the compulsory law took effect on the 1st of April preceding. The steam-ship companies were not obliged to receive the mails, but continued to carry them at the compensation formerly paid, which, in several instances, did not re-imburse them for their expenditures for cartage and lighterage.

POSTMASTER-GENERAL VILAS REFUSES TO CARRY OUT THE LAW.

Representatives of several of the steam-ship companies called upon the Postmaster-General to ascertain the policy he intended to pursue and were encouraged to believe that he would give them the same opportunity to bid for the service as was annually granted to inland and coastwise steamers. But, a few days before the 1st of July, without any notice to the companies whatever, a communication appeared in the newspapers stating that the Postmaster-General would decline to carry out the act of 1885. His objection appeared to be mainly that the amount of the appropriation being only $400,000, and the service performed by the American steamers during the preceding year nearly 2,000,000 of miles, it was apparent that if the full allowance of 50 cents per mile was to be made to all lines that the appropriation would be greatly exceeded.

To remove this embarrassment, the representatives of the Brazil Line, the Pacific Mail Steam-ship Line, the Red "D" Line, the New York and Cuba Mail Steam-ship Company Line, the New York, Havana and Mexican Line, the lines to the Sandwich Islands, and the Clyde Lines called together upon the Postmaster-General to suggest that he, in his advertisement, restrict all contracts to a maximum not exceeding 20 cents per mile, so that even if every steam-ship line should receive a contract for the year the appropriation would not be exceeded.

THE STEAM-SHIPS REFUSE TO CARRY THE MAILS.

When the representatives of the companies left Washington, no offer or suggestion as to the compensation which the Government intended to pay was made, and the companies might then have refrained from continuing the carriage of the mails. Instead of this, they permitted their vessels to be placed upon the Government's schedule for the month of July at the old rates, and sent a communication stating that they

expected on or before the 15th of July to receive some intimation from the Postmaster-General as to the course he intended to pursue, so that if no arrangement was arrived at by that time the companies might refrain from carrying the mails after the 1st of August without injury to the public.

About the 15th day of July the Postmaster-General protested against their notification, but made no definite suggestion as to the rate of comensation. The comp anies then acted individually, some offering to take the mail at what would have been equivalent to about 20 cents per mile, others asking for more definite information, and about the end of the month they were informed that in lieu of the rates previously paid the Postmaster-General would give the sea and inland postage on mail actually transported. When a suggestion of this character had previously been made to representatives of these companies at Washington they had unanimously declined it.

A CONTRACT WITH FOREIGN POWERS.

As has been stated, the sea and inland postage when the compulsory law was passed was 40 cents to half the foreign ports, 25 cents to China and Japan, and 30 cents to Australia. The great nations of the earth met at Paris and at Berne, agreed upon postal regulations, and cut down the sea and inland postage to about 5 cents per half ounce. This was conceded as an international courtesy, and as a boon to the people of the world. No one pretended that this act of generosity should be made at the expense of the carrier. Every other nation except the United States entered into fair arrangements with the carriers for the transportation of the mail, entirely irrespective of the postage paid thereon. Austria paid 5,000,000 francs per annum; England, 15,000,000 francs per annum; France, 32,000,000 francs per annum; Spain, 5,000,000 francs; Belgium, 1,000,000 francs; Holland, 2,000,000 francs; Italy, 8,000,000 francs.

The United States took the 5 cents for each letter, and arbitrarily gave one-third of it to the American steam-ships, entirely indifferent as to the extent, character, regularity, or nature of the service rendered, paying as much from Key West to Havana, or from Boston to Halifax, as from San Francisco to China or from New York to Brazil.

AMERICAN STEAMERS TAKE THE MAILS, BUT DECLINE THE PAY.

Several of the steam-ship companies declined to accept that payment and refused to receive the mails. Others took the mails as before, but returned their compensation checks to the Post-Office Department on the ground that they were inadequate, and appealed to Congress for just compensation. Thus far it has not been granted. The Senate has passed several bills for that purpose, but the House of Representatives has declined to concur in them.

Where the American ships declined to take the mails, the Postmas-

ter-General intrusted them to foreign vessels, usually "tramps," which had no regular sailing days, and whose voyages were always indefinite. There was so much inconvenience suffered by the merchants engaged in trade with Central and South America that the next year the steamships consented to carry the mails, trusting to Congress to grant them just compensation.

The treatment of their commercial marine by England, France, and other nations in the payment for mail transportation is in striking contrast with that of the United States.

POSTMASTER-GENERAL VILAS CONTRACTS WITH A FOREIGN COMPANY.

Although the Postmaster-General under the recent administration declined to extend the contract system to the lines of steam-ships sailing under the American flag, he saw no objection to making a contract with a foreign company.

The Oceanic Steam-ship Company has its headquarters at San Francisco, but its stock is held by Englishmen, its ships were built in English yards, they have British registers, English officers and crews, and the British flag flies at their mast-heads. It receives a subsidy of $180,000 a year from the British Pacific colonies for ten years to make thirteen round trips yearly between Sydney, New South Wales, and San Francisco, calling at Auckland, Samoa, and Honolulu each way. Its pay, it will be seen, is nearly $14,000 a trip.

This line of steamers was started in opposition to that of the Pacific Mail Company, whose stock is all owned in the United States, whose ships were built in Chester, Pa., of American materials, whose officers and crews are citizens of the United States, and the Stars and Stripes fly at their mast-heads.

After refusing to receive the bid of the Pacific Mail Company, Postmaster-General Vilas made, in 1885, and Postmaster-General Dickinson renewed, a contract with the Oceanic Steam-ship Company to pay the sum of $20,000 a year for carrying the United States mail between San Francisco and the islands of the Pacific Ocean. At the same time the Pacific Mail Steam-ship Company was compelled to accept the sea postage of $1.60 per pound for letters and 8 cents a pound for printed matter, making a total of $13,715 in 1888, for carrying the United States mails to Japan.

COMMENTS ON THIS DISCRIMINATION.

Concerning this discrimination the Marine Journal said:

There are some facts connected with the rapid mail service in the Pacific as now conducted that are a disgrace to the United States. The Oceanic Steam-ship Company of San Francisco (British) is maintained by the subsidies paid for making thirteen round trips between Sydney and San Francisco, calling at Auckland, Samoa, and Honolulu each way. The subsidy amounts to £36,000 per annum, of which New Zealand pays £24,000 and New South Wales £12,000. Great Britain pays from $60,000 to $80,000 for the carriage of the mails through the United States Postal Depart-

ment from New York to San Francisco, Great Britain thus paying $300,000 per annum for mail service to and from her colonies by way of the United States. Now comes in our "smartness," "cuteness," and huckstering spirit. Our Postal Department boasts and actually glories in the shame of the thing, that it gets the use of Great Britain's line and subsidy in the transportation of our mail for $20,000 a year. The British pay $300,000 a year to carry 5,300 sacks, or 257,000 pounds, of British mail, and we pay them $20,000 to transport 6,600 sacks, or 352,000 pounds, of our mail annually.

Congress professes a holy horror of subsidy or of tonnage-mileage to American ships, but permits the Post-Office Department to allow American mails to be carried in British subsidized ships. We are contributing $20,000 a year to maintain a British subsidized line, because under a false and flimsy idea of economy, based upon modern "business" methods, it prefers to contribute its subsidy to a foreign line instead of passing a tonnage bill that would make it possible for American ships to carry American mails without a subsidy. Instead of a wise and liberal policy in legislation which would enable us to control the mail service across our country and from our principal Pacific ports to the British colonies, we turn over the whole thing to Great Britain, provided she will carry our mails for so much less than we could build and pay ships ourselves for doing the service.

THE CONTRACT INCREASED.

In November, 1888, the compensation of the Oceanic Steam-ship Company was increased to $50,000 a year by Postmaster-General Dickinson, and its steamers are now carrying the mail at that rate. This is $1,144 more than is paid to all the steam-ships carrying the United States mails to Central and South America. It should be said in justice to the late Postmaster-General that he does not admit this a contract, but calls it an "arrangement" which may be terminated at discretion.

OUR PACIFIC OCEAN SERVICE.

Concerning our Pacific Ocean service, Mr. H. Blackiston, a wealthy merchant of New South Wales, recently remarked to the reporter of a San Francisco paper:

You see we have four regular lines of steamers—the Orient, the Messageries, the P. and O., and the German—all plying between London and Sydney, via Adelaide and Melbourne, and only one to the United States.

Now, while we can take a steamer but once a month direct to America, we have one every week to London. In consequence travelers who would really much rather go via the Pacific coast across the United States are forced to take the hot route via the Suez Canal.

The United States is losing a great deal by this. Every one of the steamers of these four lines is loaded down with 600 or 700 passengers that might just as well come and go via this country. If we had a fortnightly steamer to America there would be a great change immediately. The fare from Sydney to London and return is $525 by either of the four lines mentioned. By way of San Francisco it is $330, from Sydney to London.

The overland American railroads ought to stand in and reduce the rate to the same figure as by way of Suez. Then with those fortnightly steamers you would have heavy trans-Pacific travel.

Those two things would revolutionize the passenger business, and in a little while you and we would want a steamer not only every two weeks, but every week.

The American railroads, instead of having one hundred passengers a month, might just as well have from six to eight hundred or one thousand. As it is, if you are in

Sydney and miss a boat, you must wait a solid month or go via Suez, and as that can be done any week, passengers brave the hot weather and go by that route when they really want to come by this. It is the same way with mails. We can't hear from the United States as we would like.

There is nothing to see, either, on the other route. It is a long, dreary one, while here there are a thousand things of interest.

IN TOUCH WITH AMERICA.

This is a field for capitalists, and many from Australia are coming here, even as things are, and making investments. In the last twenty-five years many Australians have grown rich. They are now traveling. These steamers would do a great deal for both countries. The people of Australia are in touch with the United States. We were never so much so as now. We speak one language and are of one faith. I was in a theater in Sydney on the night of May 14. An American flag was displayed there on the stage. Why, cheers went up from four thousand throats.

The recent heroic action of the men aboard the American ship *Trenton* at Samoa in cheering the escape of the British warship *Calliope* when they themselves were just going down in the waves has shown us what a valiant people you have here, and, believe me, it has engendered a kinder feeling than ever toward the United States.

Aside from this, we ought to do business with you and you with us. We want your canned meats and flour and mining machinery, and a thousand other things, and you want our fine merino wool, New Zealand tin, kangaroo leather, and so on. These fortnightly steamers would have all the freight and passengers they could carry, and I firmly believe it would be an exceedingly brief time until we would need, and would have, a weekly steamer. The Australian colonies, as you know, are ready to give £40,000 toward the fortnightly steamers. The steamers want to be larger and faster.

THE PACIFIC CABLE.

The Pacific cable we need very badly too. Australian merchants want your market quotations every day, and those they could get by the cable. The United States, San Francisco, Honolulu, and the Australias ought to contribute jointly toward this. The United States ought to give the most. Australia is ready to do her share.

Australia is growing very fast and will be a republic soon. I wouldn't like to set a date, but it is not far off. Look how you put your foot down with Bismarck on that Samoan matter. There isn't another nation under the sun that Bismarck would have stood that from. He doesn't want to fight the United States.

We in Australia have only two countries we can trade with—England and the United States. We feel as though the entire region here west of Chicago, or at least west of the Rocky Mountains, and Australia ought to be trading together. Both countries would be greatly benefited.

IV.

THE STEAMSHIP POLICY OF ENGLAND.

Before the war, or rather before the introduction of steam into the world's navy, when all ocean transportation depended upon wind and sail, no nation exceeded the United States in skillful and daring enterprises upon the sea, but since that introduction, and more especially since our civil war, we have lost position both in our naval power and our merchant marine. But it is not strange that, although in 1860 the United States was the second nation on the ocean, carrying 84 per cent. of our own commerce, we are now only carrying 14 per cent. Our people are considered the most practical, the most enterprising, and the most intelligent in the world. They have built up wealth at an amazing rate; they have extended their facilities for communication in every direction until there is not a village or a hamlet in the United States without the means of reaching the coasts of both oceans. The supremacy of the Government has been everywhere established, and our flag stands first among those of all nations everywhere except upon ships. We have more surplus products to sell in foreign lands than any other nation; we have more coal, iron, and timber for the building of ships, and yet we have none and build none; and are paying $150,000,000 a year for freight on our carrying trade, thus giving employment and profits to hundreds of thousands of foreigners, where our own people might be engaged.

We began as a ship-building and a ship-owning nation, and during the early life of our Government were rapidly approaching the first place when the jealousy of England was aroused, and the war of 1812 occurred, which was nothing more or less than a dispute for the possession of the ocean. There is not an instance where a nation ever made such progress in ship building as the United States between the years 1814 and 1840. In 1827, thirteen years after the war, our tonnage had increased over 300 per cent., while England's, in the same time, only increased about 50 per cent.

HOW THE BRITISH SHIPPING WAS BUILT UP.

For two hundred years previous England had been the mistress of the ocean and her statesmen saw that something must be done to cripple the expanding power of the young Republic. They had tried war

and diplomacy without success, and a new policy must be initiated. In 1848, therefore, she repealed her navigation laws and commenced subsidizing steam vessels to replace sail, and iron to replace wood. From 1848 to 1854 England spent $23,390,000 and brought her steam fleet up to 304,559 tons, which was equal to a subsidy of $93 per ton.

The money was expended by a board of admiralty, and wherever the most opposition to English shipping existed there the most money was spent to enable the British ship-owners to reduce freights and break down competition. When two of her great steam-ship companies could not maintain competition with the ships of other nations, although one was receiving a subsidy of two million dollars and the other two million and a half, a commission was appointed by Parliament to examine the situation and report the result of their inquiries. This commission drew two new contracts, suspending the subsidies and offering a dividend of 8 per cent. on the English capital invested in steam-ships. Other contracts were made, with a fixed bonus per mile traveled, so as to enable English lines to cut freight rates below all competitors.

Then, in 1850, when Great Britain undertook to obtain the trade the United States is now seeking, the first thing she did was to make a contract for two lines of steam-ships, one to the West Indies and the other to Brazil, the River Plate country, and the west coast of South America. The first of these companies, the Royal Mail Steam Packet Company of Southampton, was originally paid a subsidy of $1,350,000 a year and has continued to receive one from that day to this, although the amounts have been gradually reduced as the increased traffic enabled it to become self-sustaining. The other company was the Pacific Steam Navigation Company, established by William Wheelright, an American citizen, which still receives a subsidy of $225,000 per year for a semi-monthly service.

ENGLAND'S RECORD FOR FORTY YEARS.

From 1854 to 1860 England spent over $36,000,000 in building up a steam merchant marine. During our war she cut off many of her subsidies and reduced others, because of the absence of competition, until in 1865 she paid less than at any time since 1849; but in the following year she saw danger of a renewal of competition from the United States and at once began to increase the compensation to her steamers. The United States did nothing until 1870, when a small subsidy was granted the Pacific Mail Company by our Congress. Fearing that this policy would become general, England increased her subsidies until they reached over $6,000,000 a year and kept them at that figure until the United States in 1873 abandoned her policy, when England returned to her old system. In 1854 England had 300,000 tons of ocean shipping. Since that time she has spent $225,000,000 in the form of subsidies for the avowed purpose of extending her commerce, and now has over 7,000,000 tons.

During the year 1888, 765 vessels were built and launched in the va-

rious yards of the world. The total tonnage of vessels built in Great Britain was 927,000, or about 85 per cent. of the whole. The United States yards built and launched 73 vessels, having a tonnage of 38,000. Forty years ago there were built in New York alone vessels whose aggregate tonnage exceeded that of all Great Britain. That England has profited by her subsidizing methods is evidenced by the fact that out of the world's 33,000 steam and sailing ships, with a tonnage of over 21,000,000, about 12,000 vessels, with a tonnage of over 11,000,000, belong to Great Britain, without taking into consideration the great number of vessels that are owned in that country, but which, for various reasons, are sailed under the flags of other nations.

BRITISH MAIL PAY TO BRITISH SHIPS.

The following table shows the amount of assistance given by the British Government to British ships from 1848 to 1888, in the form of mail pay:

Years.	Mail pay.	Years.	Mail pay.
1848	$3,250,000	1869	$5,481,690
1849	3,180,000	1870	6,107,761
1850	5,313,985	1871	6,070,741
1851	5,330,000	1872	5,693,500
1852	5,510,635	1873	5,665,296
1853	5,804,400	1874	5,697,346
1854	5,950,559	1875	4,860,000
1855	5,741,633	1876	4,420,261
1856	5,713,560	1877	3,970,580
1857	5,133,485	1878	3,914,990
1858	4,679,415	1879	3,768,230
1859	4,740,190	1880	3,873,130
1860	4,349,760	1881	3,601,350
1861	4,703,285	1882	3,538,835
1862	4,105,353	1883	3,944,294
1863	4,188,275	1884	2,456,510
1864	4,503,050	1885	2,932,625
1865	3,981,995	1886	2,717,987
1866	4,277,018	1887	2,901,756
1867	4,079,996	1888	3,184,874
1868	4,047,586		

BRITISH SUBSIDIES TO SPANISH-AMERICAN LINES.

The following statement shows the annual subsidies England has paid to acquire the trade she now enjoys with Central and South America, but the amounts given do not include bounties to vessels in the Royal Naval Reserve:

Years.	Amount of subsidy.	Years.	Amount of subsidy.
1862	$1,471,215	1877	$652,495
1863	1,471,215	1878	615,420
1864	1,471,215	1879	518,530
1865	1,157,070	1880	474,335
1866	1,134,570	1881	496,775
1867	1,125,520	1882	485,070
1868	1,149,860	1883	483,925
1869	1,147,745	1884	482,800
1870	1,207,295	1885	488,765
1871	1,238,120	1886	525,727
1872	1,252,840	1887	543,814
1873	1,266,760	1888	550,446
1874	1,243,485		
1875	1,245,090	Total	24,664,312
1876	698,260		

NEW SHIPS FOR THE SOUTH-AMERICAN TRADE.

The grand new ships which are now entering the port of New York are not the only ones England is building for the purpose of keeping her hold upon the commerce of the world. The Pacific Steam Navigation Company, which, under a subsidy from the British Government, sends its vessels from Liverpool to Panama through the Straits of Magellan, has recently launched four magnificent steamers to enter her regular line and keep her South American trade. Two of them, the *Oratava* and the *Auraba*, are the largest, finest, and fastest steamers that have ever been engaged in the South American waters. They are 450 feet long, 49 feet beam, 37 feet in depth, with a capacity of 6,000 tons, and 6,500 horse-power; triple-expansion engines, and five double-ended steel boilers capable of sustaining a pressure of 160 pounds. The average speed of these vessels, when full ladened, will be 16 knots. They are lighted with electric light, have large refrigerating machines capable of cooling 40,000 cubic feet of air per hour, and are fitted out with every modern convenience for both passenger and freight traffic. The third steamer is the *China*, of the same description, 460 feet long, 48 feet beam, and 36 feet deep, registering 5,200 tons, with engines of 5,500 horse-power. The fourth steamer is the *Santiago*, 350 feet by 45 feet beam and 31 feet deep, with 5,000 tons capacity and 4,500 horse-power, with a guarantied speed of 4½ knots.

All of these vessels are built of steel, and have four complete decks, two of which are steel.

ENGLAND'S NAVAL RESERVE.

England has recently adopted the new policy of establishing a Naval Reserve, which was inaugurated shortly after the complications that arose with Russia in 1885. The British Admiralty has acted on the principle that true economy will be best promoted by securing the construction of such vessels as will be most serviceable for commerce during peace and at the same time capable of cruiser service during war. In 1885 the sum of $3,000,000 was expended in retaining several fast merchant ships so as to prevent them becoming available for the service of any other power inimical to Great Britain, and under this policy the Admiralty have since made contracts with the Cunard and White Star Steam-ship Lines for the construction of a fleet of naval reserve cruisers to be used in the transatlantic traffic during peace and available at any time during war.

The White Star Line undertake to hold at the disposition of the Admiralty at any time during the continuance of this agreement all its vessels, the *Britannic*, *Germanic*, *Asiatic*, *Celtic*, *Teutonic*, and the new vessel which has recently been launched, called the *Majestic*, which is 582 feet in length, 52 feet 6 inches in width, 30 feet in depth, with a capacity of 10,000 tons, and 12,000 horse-power.

A similar contract has been made with the Cunard Line, and under it the *Etruria*, *Umbria*, *Aurania*, *Servia*, *Gallia*, and other steamers are included.

NAVAL RESERVE SUBSIDIES.

In consideration for the construction of these steamers and holding them ready at any time for her Majesty's service, the companies are to receive an annual subvention of 15*s*. per gross registered ton per annum during the next five years. This subvention will amount to an average of $35,000 annually for each of the vessels named above, and is entirely distinct from their compensation for the transportation of the mails.

The steam-ships *City of New York*, *City of Paris*, and other modern vessels belonging to other lines also receive similar subsidies, the payment to each of the two vessels mentioned being $50,000 a year.

The English Government also pays a certain portion of the wages of the officers and crews of such vessels as are enrolled in the list of the royal naval reserve.

The steam-ships of the Peninsula and Oriental Steam-ship Company receive a subsidy of 6*s*. 8*d*. per knot to India, and 3*s*. 8*d*. per knot to Australia, which is equivalent to $1.26 a nautical mile. This subsidy is in addition to the mail pay, and is equivalent to over 12 per cent. of the capital of the company. A few years ago this same company was receiving annually a subsidy of nearly $3,000,000, which was more than 20 per cent. dividend upon its capital.

BRITISH MAIL PAY IN 1888.

The following statement shows the exact sums paid by the British post-office department for the transportation of its foreign mails. These sums do not include the subsidies above alluded to:

	Year 1888.
To Europe:	
Dover and Calais	£13,200
Dover and Ostend	4,500
Total for conveyance of mails, Europe	17,700
To America:	
United Kingdom to United States	85,000
New York and Bermuda	300
United Kingdom and West Indies	90,250
Belize and New Orleans	1,600
Newfoundland	4,000
Liverpool to Callao	11,500
Liverpool to West Indies and Mexico	1,100
Southampton to Brazil and River Platte	5,500
Panama to Valparaiso	3,500
	202,750
Deduct estimated amount of penalties	50
Total for conveyance of mails, America	202,700

To Africa:		
United Kingdom and West Coast of Africa		£9,500
United Kingdom and St. Helena and Ascension		4,474
		13,974
Deduct estimated amount of penalties		50
Total for conveyance of mails, Africa		13,924
To India, China, and Australia:		
Between Brindisi, Bombay (via Suez Canal), calling at Aden; Between Brindisi and Shanghai (via Suez Canal), calling at Aden, Colombo, Penang, Singapore, and Hong-Kong		265,000
Between Brindisi and Adelaide and between Naples and Adelaide (via Suez Canal)		170,000
		435,000
Deduct estimated amount of penalties		200
Total for conveyance of mails, India, China, and Australia		434,800

RECAPITULATION.

Europe		17,700
America		202,700
Africa		13,924
Asia and Australia		434,800
Total		669,124
Less repaid by colonies:		
West Indies	£22,360	
East Indies	63,000	
Australia	75,000	
		160,360
Net payment by the Imperial Government for foreign post-office packet service		508,764

V.

THE POLICY OF CANADA.

The Canadian Government is imitating the mother country in building up a merchant marine, paying a total of $730,000 in the way of subsidies and compensation for mail carriage annually.

The British Government has recently entered into a ten years' contract with the Canadian Pacific Railway for a steam-ship service between Vancouver and the Asiatic ports of the Pacific, for which the company is to receive a subsidy of $300,000 a year from the British post-office department, $125,000 from the Canadian treasury, and the regular rate of bounty that is paid vessels complying with the requirements of the naval reserve law, which is 15 shillings per ton gross measurement per annum for five years. The contract runs for ten years from the first departure from Hong-Kong; it will be terminable on the 31st of January, 1898, if notice is given six months beforehand, and on payment of £20,000 by the postmaster-general. The first departure from Hong-Kong is not to be fixed without consent of the company earlier than eighteen months from the date of the agreement. The company undertake to construct all vessels engaged for the service with gun platforms and other fittings required by the admiralty and to sell them to the admiralty if required. The vessels are to run 17½ knots on the measured mile and 16 knots on sea trial. The company undertake to employ, as far as possible, members of the royal naval reserve.

CONTRACTS FOR NEW STEAMERS.

T. G. Shaughnessey, assistant president of the Canadian Pacific Railroad, is now in England making a contract for the construction of these steamers. They are to be of the same model and design as the new North German Lloyd steamers, will cost a million dollars each, and are to be delivered at Vancouver by the 1st of May, 1891.

In addition to this line of steamers the Canadian Government pays $50,000 a year to maintain a fortnightly service between Halifax and Havre.

It also subsidizes the Halifax and West India Company at the rate of $75,000 per annum.

The Allan Line receives a subsidy from Canada of $100,000 a year, and Messrs. Anderson & Co., July 17, 1889, made a contract for a new steam-ship service between Montreal and Liverpool in connection with the Canadian Pacific Railway and its Pacific steam-ship lines and in competition with the New York steamers. The Anderson Company propose to have a weekly service by steamers of 7,000 tons register, 13,000 horse-power engines, with a speed of 20 knots, and expect to divert much of the New York traffic in that way. This company will receive a subsidy of £100,000 or $500,000 sterling annually for ten years, payment to be divided equally between the British and the colonial Governments.

THE EFFECT UPON OUR COMMERCE.

The construction of the Canadian Pacific steamers means a great deal more than appears on the surface. They will not only rob the Pacific Mail Company of most of its transpacific passenger traffic, but having a liberal subsidy, will be enabled to cut under any rates of freight it may charge. Four hundred and twenty-five thousand dollars a year is equivalent to 10 per cent. upon four and a quarter million dollars, which is just about what the steamers will cost, so that the share-holders will have a dividend of this amount, even if the vessels only pay their own expenses. The transpacific traffic has always made San Francisco its entrepôt and passed through the United States on the way eastward to New York and Europe, but it will now be diverted over the Canadian Pacific. Vancouver will enjoy the trade San Francisco has had, and the business that has been going to New York will go to Montreal.

CANADA SEEKING SOUTH AMERICAN TRADE.

The Canadian Gazette, in its issue of the 21st of February last, with respect to the efforts of the Canadian Parliament to promote the trade relations between Canada and South America, says:

The Dominion parliament now has before it the report of Mr. Simeon Jones upon trade relations between Canada and South America. Mr. Jones was deputed by the Dominion government to proceed to the Argentine Republic and Uruguay to inquire into the subject, and his report will doubtless stimulate the movement now on foot in Canada for the establishment, under government auspices, of a direct steam-ship line. At present, Mr. Jones reports, lumber is the great staple article that Canada could export to these South American countries. In 1886 the Argentine Republic imported no less than 212,000,000 superficial feet, and of this Canada supplied direct only 34,000,000, though a large amount of the spruce and pine shipped from the United States originally came from Canadian forests; hence Mr. Jones's suggestion that Canadian lumber merchants should cultivate South American markets and cease to depend so largely upon the more fickle markets of Europe. There is also every probability that Canada could supply some of the immense South American demand for coal, which is now met almost entirely by Great Britain, for at many points in Nova Scotia coal could be put on board direct steamers and conveyed to South American ports much more cheaply than can be done from Great Britain.

An export trade might also be developed in cheese, agricultural implements, and light cotton goods; while in return Canada would be glad to receive sugar, tobacco, and such raw material as wool. The movement is, it seems, regarded favorably by the Argentine authorities, and Mr. Jours reports the assurance of the foreign minister that his Government would no doubt grant a subsidy to a direct line between Canada and Brazil equal in amount to that given by the Dominion government. The Dominion government has shown in the speech from the throne at the opening of the Dominion parliament that it is prepared to do its part, and we may therefore hope for an early and successful development of Canadian trade in that direction.

VI.

THE POLICY OF FRANCE.

During the past twenty years France has paid $90,000,000 as subsidies to her shipping. In 1870 her steam tonnage was 154,415 tons; in 1880 it was 277,759 tons; in 1883 it rose to 667,444 tons, and in 1889 it reached 740,325 tons. As a direct result of this policy her foreign commerce has increased $500,000,000 since 1878.

The following statement shows the amount of subsidies paid annually by France in her steam-ship lines in the form of mail contracts.

Mail contracts to French companies.

Service.	Miles per year.	Rate per mile.	Subsidy per annum.
		Dollars.	*Dollars.*
Japan, China, and India	225,884⅔	7.59¼	1,714,604.80
South America	99,552	7.32½	728,800.00
Mediterranean	146,553⅓	5.98	876,452.00
Mediterranean	36,018⅔	2.08	75,000.00
West Indies, Mexico, etc	138,400	5.71	790,651.40
United States	82,666⅔	5.71	472,269.00
English Channel	5,353⅓	3.73¼	20,000.00
Total	734,388⅓	*6.37	4,677,778.40

*Average.

In addition to this mail pay the Government pays a bounty upon construction and navigation, which made a total of $6,792,778 paid during the year 1888, to encourage its mercantile marine. Of this sum $3,203,183 was paid to maintain communication with the several countries of Central and South America.

THE FRENCH BOUNTY SYSTEM.

The bounties paid to French ships were authorized by act of January 29, 1881. The bounty for construction is as follows: Wooden ships under 200 tons, 10 francs per ton; wooden ships over 200 tons, 20 francs per ton; for mixed iron and wooden ships, 40 francs per ton; for iron and steel ships, 60 francs per ton; for machinery, per 100 kilograms, 12 francs; for boilers, per 100 kilograms, 8 francs.

In 1886 $507,534 was paid as bounty to the Transatlantique Company for the construction of the four vessels, *La Champagne*, *La Bretagne*, *La Gascoigne*, and *La Bourgoyne*.

AMOUNTS PAID ANNUALLY AS BOUNTIES.

The total amounts paid annually under this act for the construction of ships by France are as follows:

1881	$190,160	1887	$712,180
1882	908,100	1888	872,160
1883	632,040	1889 (estimated)	927,840
1884	886,980		
1885	222,820	Total	6,253,400
1886	901,120		

In addition to the construction bounties a navigation bounty is paid of 1 franc and 50 centimes per ton for every 1,000 miles traveled by French ships during the first year of their construction, with a deduction of 5 centimes per ton per 1,000 miles during each succeeding year.

For steam-ships built upon plans approved by the naval department, and of a character adapted for use by the Government in time of war, an additional bounty of 15 per cent. upon the cost of the vessel is paid to the constructor.

The amount of bounties paid for navigation in 1884 was $1,717,866; in 1885, $1,513,556; in 1886, $1,515,669; in 1888, $1,232,840.

The total bounty paid for both construction and navigation was, in 1886, $2,115,211; in 1887, $2,200,000, and in 1888, $2,115,000.

These figures show that France is now paying more money than any nation on the earth for the encouragement of her mercantile marine, and the effect is plainly apparent in her prosperity.

FRENCH LINES TO SOUTH AMERICA.

There are five lines of steam-ships connecting Marseilles, France, with the ports of Brazil, Uruguay, and the Argentine Republic:

(1) Compagnie Faixsinet.—Steamer leaves Marseilles the 1st of each month for Montevideo and Buenos Ayres.

(2) Compagnie Nationale.—Leaves Marseilles the 25th of each month for Montevideo and Buenos Ayres.

(3) Compagnie Florio-Rubattino (Italian). Steamer every fortnight from Marseilles via Genoa for Montevideo and Buenos Ayres, and one each month for Valparaiso and other Pacific ports.

(4) Société Générale de Transports Maritimes.—Steamer each ten days from Marseilles for Santos, Rio Janeiro, Montevideo, and Buenos Ayres.

(5) Compagnie Cyprien-Fabre.—Steamer each month from Marseilles for Montevideo, Buenos Ayres, and Rosario.

The steamers of these lines are of iron, and range from 2,000 to 2,800 tons register, and from 1,800 to 2,500 horse-power.

In addition to these there is a line between Havre and the ports of the east coast and north coast of South America. The best ships run-

ning to Rio de Janeiro, Buenos Ayres and Aspinwall are those of the French companies.

TRADE BETWEEN FRANCE AND THE ARGENTINE REPUBLIC.

The trade between the Argentine Republic and France has grown amazingly during the last ten years, the increase being 152 per cent. in imports and 153 per cent. in exports. She now holds the second place, her aggregate trade with the Republic being four million dollars less than that of Great Britain. The principal articles of export from France to the Argentine Republic in 1887 were wine $7,000,000; sugar, $1,900,000; dry goods, $5,300,000; jewelry and fancy wares, $2,600,000.

Besides the construction and navigation bounty which it received from the Government, the Messageries Maritimes of France receives a special subsidy of $20,000 for each round trip, semi-monthly, between Bordeaux, France, and Buenos Ayres.

VII.

THE POLICY OF GERMANY.

The German Government has not paid subsidies until recently, but was compelled to adopt the policy to maintain itself in competition with England and France, and she has found it to be eminently successful.

In a late number of the German Trade Review, published at Berlin, appears a statement showing the results of aiding the German steam-ship lines. It says that "the expectations which the friends of the subsidized steam-ship lines had formed of their success have been more largely realized in the second year of their existence than in the first." It refers particularly to the lines established for the trade between Germany and East Asian ports and between Germany and the Australian and intermediate ports. The losses the first year aggregated about $160,000, while in the second year they were reduced to $10,000, and this year the lines are expected to show a profit.

Last year (1888) the North German Lloyd Company received a subsidy of $1,100,000 and $984,410 was paid to other companies, making a total of $2,084,410. In addition to this $1,047,200 was paid for mail transportation, making a grand total of $3,131,610 for the year.

GERMAN LINES TO SOUTH AMERICA.

There are lines of German steamers from Hamburg running through the Straits of Magellan up the west coast of South America as far as Guatemala, bringing merchandise of all sorts, not only from Germany, but other European countries, and taking as return cargoes coffee, dyewood, and other merchandise. These vessels being subsidized by the German Government, and being maintained upon a very economical basis, are able to cut under the freight charges of the other nations. The Germans do not pay the officers and seamen of their vessels more than one-third of the wages paid those who sail in American ships.

There are also German lines to the West Indies, the Spanish main, and the east coast of South America.

A GERMAN FLOATING COMMERCIAL EXPOSITION.

Sir H. Barron, Bart, C. M. G., Her Majesty's minister at Stuttgart, in a dispatch, dated the 24th January last, with reference to the establishment of a German floating commercial museum, says:

It is announced in the official Gewerbeblatt that in order to open new markets for German manufacturers, it has been determined to create a permanent traveling floating "Musterlager" or display of goods. A gigantic steamer is to be built for the purpose of a floating exhibition palace, and is to visit at regular periods all the great harbors of the world, the rotation lasting two years.

It is expected to attract purchasers and visitors in great numbers, not only by its size and novelty, but by concerts and refreshments.

This vessel is to sail from Hamburg in the spring of 1890, and thence around the world by North and South America, California, Japan, China, Australia, India, and the Mediterranean Sea. The dimensions are to be, length, 172 meters; breadth, 21 meters; depth, 14 meters. The capital required is estimated at 5,000,000 marks (£250,000).

The German Export Union takes a warm interest in this undertaking, and appeals to all who may desire to contribute capital, goods, or personal services to communicate with that society at Berlin.

With reference to the formation of this floating museum the German Journal für Ex-import, Industrie, Handel und Gewerbe says that a gigantic steamer is to be constructed, which, following a regular itinerary, will visit the principal foreign ports of the world in succession, and will be accessible not only to buyers, but to all persons interested. This steamer, by its great size as well as by the novelty of its purpose, is expected to attract large crowds at the ports at which it touches. After careful consideration it has been decided that each voyage of the steamer should, to be of real use, last two years. Under these conditions the steamer would be able to stay in each of the commercial centers which it visits long enough to be of practical service to German trade, and it could so time its visits as to arrive at favorable periods of the year.

Hamburg has been chosen as the point of departure. Exhibitors and others interested in the enterprise will have an opportunity of seeing the steamer in that city before she starts on her voyage around the world. The route has been decided upon, and the ports mentioned below will be visited in the following order:

Copenhagen, Kronstadt, Stockholm, Gothenburg, London, Amsterdam, Rotterdam, Antwerp, New York, Philadelphia, Baltimore, New Orleans, Vera Cruz, Havana, Laquapa, Bahia, Rio de Janeiro, Santos, Montevideo, Buenos Ayres, Valdivia, Valparaiso, Callao, Guatemala, Manzanillo, San Francisco, Yokohama, Nagasaki, Shanghai, Hong-Kong, Bangkok, Singapore, Calcutta, Bombay, Madras, Colombo, Batavia, Port Adelaide, Melbourne, Sydney, Cape Town, Tamatave, Zanzibar, Aden, Suez, Port Said, Jaffa, Beyrout, Smyrna, Constantinople, Odessa, Athens, Messina, Palermo, Naples, Civita Vecchia (for Rome), Genoa, Barcelona, Malaga, Tangiers, Lisbon, and back to Hamburg.

VIII.

THE POLICY OF SPAIN.

Spain pays a bounty of 32*s.* per ton on vessels built in that country, and admits duty free all materials required in the construction, repair, and equipment of their vessels.

The Spanish Government subsidizes three divisions of steam-ships, all of which interfere greatly with the trade of this country with the West Indies and South America. The service in the first division is be tween Cadiz, Spain, to Vera Cruz, and is paid for at the rate of $18,501.13 per voyage. This first division costs the Spanish Government annually $556,939.50.

The second division includes what is known as the Spanish Mail or West Indies, and is subsidized with $222,013.15 per annum.

The third division embraces the steam-ship line plying between Havana, the United States, and Quebec, Canada. The subsidy for this line annually is $243,687.60. These steamers carry cargoes to New York from Havana, Cienfuegos, Matanzas, Cardenas, Caibarien, in Cuba; from Vera Cruz and Progresso; from Porto Rico, St. Johns, and other ports; from Hayti, Port au Prince, and in the Republic of Colombia, from Savanilla. These Spanish steamers run in direct opposition to the American steam-ship lines. They take freight and passengers from the Ward line and the "Red D" line, besides depriving a large number of American sailing vessels trading regularly with the West Indies, Central and South America of the business they have formerly done.

The Spanish Government also pays a bounty of $1.83 per mile traveled to its West India line; $1.40 to the line to the Philippine Islands, and $1.10 per mile to the line to Buenos Ayres.

In addition to the subsidies above noted Spain paid her steam-ships $436,180 last year for the transportation of mails.

PRINCIPAL POINTS OF CONTRACT BETWEEN SPANISH GOVERNMENT AND THE COMPAÑÍA TRANSATLÁNTICA ESPAÑOLA, PROVIDED 17 NOVEMBER, 1886.

Last part of article 4.—Contracts shall continue twenty years and shall be considered prorogued for two years before its termination, which shall not be denounced by either of the parties. Prorogation

shall not extend longer than two years, at the end of which the State can terminate the contract if it deems proper.

Article 5.—The State agrees to pay a subvention of 10.18 pesetas (say two dollars and some cents) per mile on the American line, 7.15 pesetas per mile on the line of the Philippine Islands, .73 of a peseta per mile of service on the connecting lines. On the opening of the Panama Canal the Government should not pay on the extended branch from Colon to Guayaquil more than the canal dues.

For the service to Buenos Ayres, 5.93 pesentas per mile (say one dollar and eighteen cents).

For the service from Fernando Po, same compensation.

From Marruecos, the same.

The payment by the State must be paid in coin money without any discount whatever.

Article 6.—The Government obliges itself to not make another contract during the existence of this; not to give a subvention to any other new line of steam-ships between these points.

The company shall enjoy all the privileges and advantages given by general laws in favor of the Spanish merchant marine.

Likewise it shall not be subjected to any special impost.

If the Government desires to increase or diminish the number of annual trips, this can be done by increasing or decreasing the proportionate payment.

Article 7.—If at the end of five years the treasury of the company shows a surplus of profits, the Government may demand that one-third of this excess shall be employed in extending new lines or increasing the accommodation of the existing lines. To determine the existence of this excess the company shall keep a special account regarding each of the vessels, in which they shall carefully state:

(1) The coming running expenses of the ship.

(2) The proportional part of the general expense in the operation of the contracted lines.

(3) Six per cent. of the value of the vessel as insurance premium.

(4) Five per cent. of the capital of the vessel and 20 per cent. of the fittings, as a sinking fund.

(5) Five per cent. of the value of the inventory of the boat.

(6) Five per cent. as a reserve fund.

(7) Expenses of crew, coal, machinery, etc.

The difference between the receipts and these expenses shall be the excess.

Article 8.—When the company, in the performance of this contract, presents vessels purchased abroad, they shall be relieved of the payment of the duties which belong to the State on their introduction, change of flag and matriculation, as also those which belong on the tonnage of each vessel according to their measurement; but if any of these vessels are destined to other service or transferred to another individual, these said duties shall be immediately paid.

In article 50, all agents of the company shall be provided by the Government with samples of the products of the Peninsula (Spain) and her possessions in seas, with statements of the prices of the same.

These agents shall be obliged to insure, at the usual rates and conditions, all merchandise intrusted to the company for carriage, and transfer to the producers of the goods, which seem most similar by the samples, all requests which may be made to them for such goods, and to remit in payment the value of all fabrics sold by them at the most favorable rates of exchange to the producer.

A SPANISH FLOATING EXPOSITION.

In the spring of 1889 the steamship *Conde de Wilana* (which is intended for a floating exposition of Spanish industrial products, like that which is being arranged under the auspicies of the German Government, and will visit the ports of Central and South America) was inaugurated at Varsalona by the Most Excellent and Most Illustrious Marquis de Pena-Plata, Captain-General of the Province of Catalonia. This ship was built for Count Vilana, a Spanish grandee of the first class, who proclaimed to all traders and manufacturers of Spain that he would be ready to receive on board all sorts of manufactured articles for shipment to Latin America, such exhibits to be sold there or to be used as sample for orders from the merchants of the places visited.

This most excellent hidalgo published a rather fantastical list of articles, which he desired to carry as samples to Spanish America, and promised to greatly increase the trade between Spain and her former colonies across the sea. The floating exposition is expected to reach South America by the first of January, 1890, and will remain there for several years, cruising from port to port.

IX.

THE POLICY OF ITALY.

An Italian law, passed on the 6th of December, 1885, provided a bounty, for a term of ten years from the date of the passage of the act, on the construction of steam-ships and sailing vessels of either iron or steel and on sailing vessels of wood. The bounty on iron or steel vessels was fixed at the rate of 48*s.* per ton of gross measurement, and the bounty on sailing vessels built of wood at 12*s.* per ton. The bounty upon ships built for the internal or coasting commerce of the country is 24*s.* a ton. An additional bounty for ten years is paid upon the construction of marine engines and boilers; on engines 8*s.* per horse-power, and on boilers 4*s.* 10*d.* per quintal (212 pounds) in weight.

The above bounty is also extended to repairs executed in Italy, and article 4 of the act provides that bounties on the construction of all steamers, engines, and boilers shall be increased from 10 to 20 per cent. if the steam-ships are constructed so as to be useful for military purposes. In order to qualify for this special bounty the steam-ships must be divided into a sufficient number of water-tight compartments, to be able to float when one compartment has been invaded by the sea, and must show not less than 14 miles per hour, and the engines must be protected by coal-bunkers. A sufficient space must also be allowed for the storage of coal for steaming 4,000 miles.

BOUNTIES ON CONSTRUCTION AND REPAIRS.

The report of the minister of marine shows that during 1886 $22,165 was paid as bounties on construction, and $22,935 in 1887. The amount of bounty paid for repairs in 1886 was $30,175, and in 1887, $36,050. No expenditure, up to the latest reports, has been made on account of the special bounty payable to steam-ships adapted to military purposes. The total amount paid under the law during the last two years has been $111,325.

On the 14th of July, 1887, a law was passed establishing additional bounties for the construction of ships. To the bounty of 48*s.* on iron and steel ships allowed by the law of 1885, 13*s.* 9*d.* is added. To the bounty of 12*s.* a ton for wooden ships 2*s.* is added. To the bounty for coasting and internal vessels of 24*s.*, 6*s.* is added. For marine engines 2*s.* per

horse-power is added, and for boilers 2*s.* per quintal, and the act of 1887 allows £2 per ton of gross measurement for vessels suitable for military purposes; 6*s.* per horse-power for marine engines on such vessels; 8*s.* on the construction or repair of boilers, per quintal; and 8*s.* per quintal for sundry apparatus, and subsidiary engines used on board.

BOUNTY ON IMPORTED COAL.

The law also provides for a bounty of 9*s.* 6*d.* per ton on coal imported into the country from foreign nations, and an additional bounty on navigation of 12½ cents United States money, per ton of gross measurement, for every thousand miles made by sailing-vessels or steam-ships, the number of miles run to be reckoned according to the shortest sea routes between ports.

The number of vessels which earned the bounty for importing coal in 1886 was 164, and in 1887, 118. The bounty earned in 1886 was $27-635; in 1887, $33,655.

The bounty earned by steam-vessels for navigation in 1886 was $166,-685, and in 1887, $224,780.

The bounty earned by sailing-vessels in 1886 was $499,100, and in 1887, $481,445.

The total amount of bounty paid in 1888 by Italy to its steam-ships was $1,570,938. The steamers in 1888 received additional compensation amounting to $1,732,876 for the transportation of mails; the bounties being granted by the marine and not by the post-office department.

ITALIAN LINES TO SOUTH AMERICA.

The Compagnie Florio-Rubattino under contract with the Italian Government sends a steamer every fortnight from Genoa to Montevideo and Buenos Ayres, and one each month to Valparaiso, Chili. The steamers are of iron, from 2,000 to 2,800 tons register, and from 1,500 to 2,500 horse-power.

X.

THE POLICY OF THE NETHERLANDS.

Under date of August 24, 1889, the Hon. Samuel R. Thayer, United States minister to the Netherlands, informs the Secretary of State that he has made inquiries of the minister of foreign affairs of the Netherlands concerning the subsidies, mail pay, and other forms of compensation granted by the Government of the Netherlands to encourage steamship lines, and has received the following reply:

I hasten to bring to your knowledge that the service between the Netherlands and the West Indies is carried on by the "Royal Mail to the West Indies," whose times of sailing are given in the above-mentioned list, while the "Netherlands-American Steam-ship Navigation Company," running between Amsterdam or Rotterdam and New York, established during the month of December of last year a monthly service to Buenos Ayres, connecting also with Brazilian ports.

These two lines are the only ones maintained between our ports and those of South and Central America.

Regarding transportation between the Netherlands and South and Central America there is no fixed tariff applied by our companies, the freight rates varying constantly. According to information received from the Netherlands-American Company, the fluctuations for this year have varied in the cost of sugar from 45*s*. to 60*s*. per 1,000 kilograms.

Other merchandise paying according to weight from 25*s*. to 38*s*. per 1,000 kilograms.

Other merchandise paying according to the space occupied from 22½*s*. to 38½*s*. per 40 English cubic feet.

The statement attached to the report of the minister shows that the Zealand Steam-ship Company from Flushing to Queensborough, and *vice versa*, receives a subsidy of $16,000 annually, for carrying the mails of the Netherlands. For carrying the mails of other countries the Government guaranties the sum of $104,000 annually, and for carrying post packages the company receives 2 cents for every package of 3 kilograms and under.

The Royal Mail of the West Indies from Amsterdam to Demerara, Trinidad, and Curaçao receives a subsidy of $14,400 monthly.

The "Red D" Line of New York, for carrying the mails between the colony of Curaçao and the coast of South America receives a subsidy of $480 annually.

The Netherlands Steam-ship Company, between Amsterdam and Batavia, receives a subsidy of $62,400 annually, and an additional sum for

mail post packages. Besides this, the Government guaranties a certain amount of return freight every voyage.

The Rotterdam Lloyd Steam-ship Company receives a subsidy of $10,000 annually for fortnightly trips between Rotterdam and Batavia, besides the usual compensation for the transportation of mails.

The Dutch West Indies Steam-ship Company receives $1.56 for every geographical mile sailed in its voyages, the subsidy amounting to from $132,000 to $140,000 annually.

The Royal Packet Company receives a bounty varying from 60 cents to $8 per geographical mile sailed in its voyages, which amounted last year to $269,511.40, besides the ordinary compensation for the transportation of mails.

XI.

THE POLICY OF BELGIUM.

The Hon. Edwin H. Terrell, under date of August 19, 1889, informs the Secretary of State that the Belgian Government has recently entered into a contract with the German Australian Steam-ship Company of Hamburg, under which that company engages that its steamers in the regular service between Hamburg and the ports of Australia shall stop en route at the port of Antwerp, and that for this service the Belgian Government engages to pay a subvention of 1,500 francs for each trip going and coming.

The Belgian postal reports show that the Government paid $172,927 in 1888 for the transportation of mails, $48,250 of which was paid for the service to Central and South America. This, it will be noticed, is about the same amount paid by the United States for the carriage of its mails to Central and South America.

Belgium also has a semi-monthly steam-ship service to Brazil and the Argentine Republic, and next year will increase the service to thirty-six round trips per year, instead of twenty-four as now, paying the steamers the whole postal revenue and guarantying $250,000 a year for six consecutive years.

The Belgian Government admits free of duty all material used in the construction of ships.

REPORT OF MINISTER TERRELL.

LEGATION OF THE UNITED STATES.
Brussels, September 13, 1889.

SIR: I have the honor to forward this day, under separate cover, printed copies of different contracts made by the Belgian Government with steam-ship companies, granting subsidies, bounties and privileges for the encouragement of commerce as follows:

(1) Convention for the establishment of steam-postal service between Antwerp and South America.

(1a) Convention of June 18, 1885, modifying and supplementary to the foregoing convention (of January 20, 1876).

(2) Convention of March 10, 1887, relative to service between Antwerp and New York, made between the Belgian Government and the Belgian-American Navigation Association and the International Navigation Company of Philadelphia.

(3) Convention of the 1st of March, 1886, with the North German Lloyd, for the establishment of regular communication between Eastern Asia and Australia and the port of Antwerp.

(4) Convention of August 17, 1887, between the Belgian Government and the Forende Steam-ship Company of Copenhagen, establishing regular communication between Antwerp and ports in the Baltic and Black seas.

(5) Convention concluded June 24, 1889, with the German-Australian Steam-ship Company, providing for regular communication between Antwerp and ports of Australia.

Referring to your dispatch No. 10, of July 23, 1889, asking for information as to what subsidies, bounties, mail-pay, and other compensation are given by the Belgian Government for the encouragement of commerce, I beg respectfully to make the following report:

THE SOUTH AMERICAN SERVICE.

On the 24th of January, 1876, the Belgian Government entered into a contract with a steam-ship company of Liverpool, operating under the firm name of Lamport & Holt, and engaged in trade with various ports of South America (contract No. 1).

This contract provides for regular steam service semi-monthly, and after two years, every ten days, between Antwerp and the ports of Rio de Janeiro, Montevideo, and Buenos Ayres. The steamers are to carry the Belgian flag, convey the mails and all passengers and freight.

Careful provisions are made as to days and hours of departure, other stopping ports, time of voyage, price of freight and passenger tariff, transport of the mails, etc.

In compensation for the service the Government gives a bounty of 50 francs for every hour in advance of time that a ship reaches its destination. In addition the Government grants to the company all postal charges due the Treasury for mails carried by their steamers, guarantying the company from this source an annual revenue of two hundred and fifty thousand francs. This contract is to hold for fifteen years from January 1, 1876.

The Government also agrees to reimburse the company for all pilot, light-house and signal charges which it may be compelled to pay in navigating the Schelde under local regulations.

Stringent provisions are incorporated, requiring bond of two hundred thousand francs from the company to insure the faithful execution of the contract, regulating the quality of steamers, their machinery, life-saving and fire service, food supply, complement of seamen, etc. The domicil of the company is to be at Antwerp during the operation of the contract. Ample provisions are made for fines and penalties. for loss or damage to mails, delays in departure, or other infractions of the contract.

June 18, 1885, the foregoing convention was modified somewhat (see contract 1*a*), in additional articles, mainly increasing the number of ports at which steamers could stop en route.

THE NEW YORK SERVICE.

March 10, 1887 (see contract No. 2), the Belgian Government concluded a convention with two steam-ship companies, providing for the establishment of regular service for mails, passengers and merchandise between Antwerp and New York. Weekly trips are to be made each way, and in the main the principal features of the contract are substantially the same as those of the contract with the Liverpool company hereinbefore set forth.

The Government guaranties to the companies an annual revenue of 380,000 francs for carrying the mails, remitting to them the postal charges due the Government for the same. The ships are to be of Belgian nationality, and the contract is to run five years.

THE ASIATIC SERVICE.

March 1, 1886, the Government contracted with the North German Lloyd that the company's steamers in their regular service between Bremerhaven and ports of Eastern Asia and between Bremerhaven and Australia, going and returning, should stop at Antwerp. For this service the Government pays to the company the annual subvention of 80,000 francs, and, furthermore, agrees to reimburse the company all pilot, light-house and signal charges which it may be compelled to pay in navigating the Schelde.

This contract, although originally made but for one year, is still in force.

THE BALTIC SERVICE.

August 17, 1887, the Government arranged (Contract No. 4) with a Copenhagen steam-ship line that its steamers should continue a weekly line between Antwerp and the ports in the Baltic; and that its steamers, plying between the Baltic and Batoum, should stop, going and returning, at Antwerp. For this the Government is under no pecuniary obligation whatever, but simply grants its governmental patronage.

June 24, 1889, the Government entered into contract with the German-Australian Steam-ship Company for the establishment of regular communication between Antwerp and ports in Australia.

I have already furnished the Department with a detailed statement of the provisions and conditions of this contract in my dispatch No. 20. The subvention paid by the Belgian Government for this service is 1,500 francs for each trip, trips being made every twenty-eight days from Antwerp.

In addition to the foregoing special contracts entered into by the Government for the purpose of developing the trade interests of Antwerp, it grants, without any contract to the "Kosmos" Company of Hamburg, all postal charges due the Treasury, and all claims of pilotage, light-houses and signals, in the Schelde, whenever its steamers, plying between Hamburg and ports in Chili and Peru, transport regularly from Antwerp, dispatches, passengers and freight, at dates agreed upon in advance, and after preliminary understanding.

With the hope that the foregoing data will sufficiently answer and comply with the request of the Department, I have the honor to be, sir, your obedient servant

EDWIN H. TERRELL.

Hon. JAMES G. BLAINE,
Secretary of State.

REPORT OF CONSUL STEUART.

Mr. John H. Steuart, United States consul at Antwerp, writes the Secretary of State as follows, under date of August 8, 1889:

The volume of trade between Antwerp and South America is very heavy and the connections are frequent.

There are two regular lines of steamers from this port to the River Plate and to Brazil—namely, the North German Lloyd and the Lampert & Holt. The former employs about eleven steamers in the South American trade, ranging from 2,300 to 3,000 tons each; they can take about 25 first-class passengers and 1,000 steerage. The latter line employs about nine steamers and from 1,500 to 2,800 tons each; they can carry about 20 first-class passengers, and do not take emigrants. The Royal Mail Line also makes Antwerp a port of call on the homeward voyage, but has no departures from here.

In addition to the above-mentioned lines there are at least three steamers leaving regularly each month for the River Plate, and also as many irregular steamers chartered as occasion offers, generally of light draught, taking freight for the smaller ports;

these latter take heavy cargoes and horses, but no passengers. There are probably in all nine or ten departures per month from this port for the Argentine Republic.

The departures of the regular steamers are as follows:

Lamport & Holt, for the River Plate, the 1st and 15th of each month.

North German Lloyd on the 14th and 28th of each month.

For Brazil, Lamport & Holt on the 8th and North German Lloyd on the 29th of each month. Both of these lines can furnish other steamers if necessary.

For the west coast of South America there are two regular lines, namely the Hamburg Pacific and the Kosmos, each having semi-monthly sailings, and the same lines send each (from September to April) a steamer once a month to Central America. The former line employs about eleven steamers, ranging up to about 3,500 tons, and the latter thirteen steamers, ranging up to about 2,500 tons; these steamers have capacity for 24 first-class, 60 second-class, and 250 third-class passengers. Besides the two lines mentioned there are steamers chartered and sent out to ports on the west coast of South America or Central America as freight may offer.

There are no regular lines of steamers from here to the West Indies, but there are frequently charters made and vessels dispatched to the different ports of the West Indies as freight offers.

RATES OF FREIGHT TO SOUTH AMERICA.

The average rate of freight for the Argentine Republic and Brazil is from 25*s*. to 30*s*. per ton, for heavy cargo or 35*s*. to 45*s*. for light cargo, with 10 per cent. primage. For Chili and Peru from 30*s*. to 45*s*., and to Central America 50*s*. per ton.

The only two lines deriving any benefit from the Belgian Government are the Lampert & Holt and the Kosmos. The former company has a contract by which they receive about £20,000 per annum, under the condition that they carry the mail free; this contract expires in 1890, and whether it will be renewed at all, or under what conditions, will then be decided.

The benefit of the Kosmos line consists in free pilotage and exemption from light house dues, under the condition that the departures of their vessels are fixed for regular dates; any detention would deprive them of this benefit and make them liable to the same charges as any ordinary vessel. These steamers also carry a mail, the amount paid, therefore, depending upon the quantity of matter carried, which is generally very light.

I am, etc.,

JOHN H. STEUART,
Consul.

XII.

OTHER EUROPEAN COUNTRIES.

AUSTRIA-HUNGARY.

Austria-Hungary pays $823.40 per trip between Trieste and the ports of Central and South America, the sum being a mileage rate, and the total amounts to about $300,000 a year.

The Government has also granted an annual subsidy of 120,000 florins to the steam-ship line running between Trieste and Brazil.

NORWAY AND SWEDEN.

Norway and Sweden admit duty free all material used in the construction of vessels.

The Storthing (Parliament) of Norway on the 17th of June, 1889, granted a subsidy of $41,655 per annum for a mail steamer twice a week between Bergen, Norway, and Newcastle, England, and a similar sum for a weekly mail between Trondhjem and England.

RUSSIA.

The Russian Government has loaned money to its ship-builders at a very low rate of interest to encourage construction, and paid subsidies to the amount of $389,306 in 1888.

The Government of Russia on September 26, 1888, granted an additional subsidy of $65,000 annually to a line of steamers running between the Russian Pacific ports and Corea, Japan, and China.

PORTUGAL.

Portugal pays an annual subsidy of $108,000 to a steam-ship line between Lisbon and her African colonies.

JAPAN.

Japan pays $500,000 a year for ocean postage.

TURKEY.

The Ottoman Government has never paid bounties or subsidies, but timber for the construction of vessels is furnished free of charge by the Government, and vessels engaged in the foreign trade are exempt from harbor dues.

XIII.

POLICY OF THE AMERICAN NATIONS.

MEXICO.

The Mexican Government is very enterprising and liberal in its encouragement of steam-ship companies. It pays $420,000 a year to the Spanish Transatlantique Line from Vera Cruz eastward; $18,000 a year to Mr. Gandencio de Llave, and has recently entered into a contract with the Mexican International Steam-ship Company to run semi-monthly steamers of not less than 800 tons register from San Diego, in the United States, down the Pacific coast of Mexico as far as San José de Guatemala, touching all the intermediate ports, which are twenty-two in number. The company is to receive $8,000 per round voyage for the first five years for semi-monthly trips, which amounts to $192,000 a year; $6,000 per round voyage for the second five years, or $144,000 a year; and $4,000 per round voyage for the next ten years, or $96,000 a year; which make a total of $2,640,000 pledged to this company for the next twenty years. The steamers are also paid $60 per head for each colonist brought into Mexico for the first five years; $50 per head for each colonist brought in the following five years, and $40 per head for the remaining ten years. The steamers are to enjoy an exemption from all tonnage and port dues during the continuance of the contract; are to carry the mails free; all Government officials, civil and military, troops and employés, at half the rates paid by the public for the same service. These subsidies are to be paid by the Mexican Government from the import and export duties collected from goods imported and exported in the steamers of this company.

The Government also pays a subsidy of $2,500 per month, or $30,000 a year, to the Pacific Mail Steam-ship Company of the United States for its service on the west coast of Mexico, and $48,000 to the New York and Yucatan line.

Mexico also pays European steam-ship companies, under whatever flag they sail, $25 per capita upon all immigrants they bring into the country. The Government has also offered a subsidy of $18,000 per round trip once a month for the establishment of a line of steamers be-

tween Vera Cruz and the Argentine and Brazilian ports, touching at the West Indies en route.

President Diaz, in his last message to Congress, speaks as follows:

The contract term for the service of the Pacific mail steamers having expired by limitation, the concession was renewed, as was also that of the steamer *Campechano*, running between Vera Cruz, Progreso, and other intermediate ports.

A contract has been made with Mr. John C. Furman for the establishment of a line of steamers which will make at least monthly trips between New York and Progreso, touching at Vera Cruz. The said contract provides for the gratuitous carrying of the correspondence and other small advantages without any subvention whatever, while in exchange the line enjoys only the privileges and exemptions of ordinary mail steamers.

The Alexandre & Sons line of steamers for long years has discharged the postal service between Mexico, the United States, and Havana, receiving therefor a heavy subvention. Arrangements have now been completed with Mr. John Ritter, the agent of the company, to continue the said service without subvention.

GUATEMALA.

Guatemala pays a subsidy of $24,000 a year to the Pacific Mail Steamship Company, and $10,000 a year to the Honduras and Central American Steam-ship Company. The former sailing under the American flag touches her Pacific ports, and the latter sailing under the British flag her ports on the Caribbean Sea.

SAN SALVADOR.

San Salvador, with a population of 600,000, pays an annual subsidy of $24,000 to the Pacific Mail Steam-ship Company, about the same amount that company receives from the United States.

BRITISH HONDURAS.

British Honduras pays subsidies to the amount of $7,500 annually.

HONDURAS.

The Republic of Honduras pays a subsidy of $5,000 a year to the Pacific Mail Steam-ship Company for touching at her Pacific ports, and $7,500 to the Honduras and Central American Steam-ship Company, which touches her ports on the Caribbean Sea.

NICARAGUA.

Nicaragua pays a subsidy of $6,000 a year to the Pacific Mail Steamship Company, and $10,000 a year to the Honduras and Central American Line.

COSTA RICA.

This little republic of 250,000 inhabitants pays a subsidy of $12,000 a year to the Pacific Mail Steam-ship Company, and gives a reduction

of duties on all merchandise brought to her Caribbean port by the Royal Mail Steam Packet Company of England.

BRAZIL.

Brazil pays about two million dollars annually in subsidies, and of this sum $502,000 goes to maintain communication with the United States, while our Government last year paid only $11,743 to encourage commerce with Brazil.

Of this sum the United States and Brazil Mail Steam-ship Company received $100,000; the Red Cross Line (English), $150,000; the Booth line (English), $168,000; and Sloman's line (English), $84,000.

Brazil is increasing her subsidies and has recently granted a subsidy to Admiral Baron de Jaequay to run two lines of steamers, one between Santos and Hamburg, via Lisbon and Havre; and one between Santos and Genoa, via Marseilles, for which the contractor is to get $150,000 a year for twelve voyages to Europe and back. A decree imposes the following conditions among others: Besides the regular run of the two lines the contractor may use the steamers in bringing immigrants from any port of Europe, and from the Azores, Madeira, or the Canary Islands to any other Brazilian port. For such journey the contractor will be paid a subvention of $12,500, besides which the passages of the immigrants will be paid to him either by the general or one of the provincial governments. A clause, too, allows the baron to begin, from and after January 1, 1889, bringing immigrants at the expense of the state, and at the rate of $20,000 a year for five years; and until his own steamers are ready he may hire others for this purpose, but his own steamers must be ready within thirty months from January 1, 1889. The concession is to last fifteen years, and the contractor enjoys a preference in respect of any other lines of transatlantic navigation which the Government may think well to set up, and he likewise enjoys preference in the event of this line being continued after fifteen years. On his steamers arriving at any Brazilian port they are to be unloaded and loaded in priority to any other ship.

The Brazilian Parliament has also voted the sum of eleven million dollars to encourage the immigration of labor, the most of which will go to the steam-ship companies for transportation.

The Austria-Hungary Government pays an annual subsidy of 120,000 florins to the steam-ship line running between Trieste and Brazil.

THE ARGENTINE REPUBLIC.

The Argentine Republic has recently made a contract with the Houston Steam-ship Company of Liverpool to furnish a semi-monthly service between Buenos Ayres and New York, but for some reason it has not been carried out. Under this contract it guarantied 5 per cent. interest per annum upon an investment of $7,500,000 in steam-ships.

The Government pays a bounty to steam-ships for every immigrant brought to its ports and upon all dressed beef exported to Brazil and Europe. The sum of $569,004 was disbursed in this manner for a single month recently, which, if the same rate is maintained during the year, will make a yearly expenditure of $6,828,000.

CHILI.

The Republic of Chili pays an annual subsidy of $225,000 to the South American Steam-ship Company, which performs a tri-monthly service between Valparaiso and Panama.

Until the depletion of her treasury by the war with Chili the Peruvian Government paid a subsidy of $100,000 a year to the Pacific Steam Navigation Company.

THE WEST INDIA ISLANDS.

The various West India Islands pay an aggregate sudsidy of $72,000 annually for maintaining communication with New York City to the Quebec and West India Steam-ship Company.

THE BAHAMA ISLANDS.

The people of the Bahama Islands are endeavoring to secure steam-ship communication with the United States, and the colonial secretary has been advertising in the New York papers for proposals from parties willing to run a mail, passenger, and freight steamer between Nassau and certain islands of the Bahama group, every fortnight for five years to come. In order that there be no mistake about it the word "subsidy" is plainly used, the language being: "tenders to state the sum per annum which the tenderers are willing to accept as a Government subsidy."

THE ISLAND OF TRINIDAD.

On the first of January, 1887, a contract was entered into between the colonial government of Trinidad and Tumbull, Stewart & Co., of Port of Spain, for the establishment of a line of steamers between that island and the city of New York, for which a subsidy of five thousand pounds ($25,000) a year for a term of seven years is to be paid. The steamers are required by the contract to be equipped with suitable accommodations for passengers, to sail semi-monthly, and the service began the first of April. All postal matter and all postal, customs, and police officials are to be carried free of cost. A fine of $100 is to be assessed, and deducted from the monthly installments of the subsidy for each day's delay in the arrival and departure of steamers under a fortnightly schedule adopted by the Government, and the contract sets

forth in detail the rates of freight and passage that may be charged between the ports of Trinidad and New York.

Trinidad also pays $25,000 a year to the "Trinidad Line" to New York, and $48,000 to the Atlantic and West India Company.

THE ISLAND OF BARBADOES.

The English colony of Barbadoes, West Indies, pays an annual subsidy of £18,000 ($90,000) to the Royal Mail Steam Packet Company of Southampton, England, as an inducement for that company to make its principal port the rendezvous of its fleet and the distributing station for its West Indian transportation. St. Thomas formerly enjoyed that advantage. The Royal Mail Steam Packet Company has three fleets of steamers engaged in the Central and South American trade under an annual subsidy of about $400,000 from Great Britain. One fleet sails directly between Southampton and the ports of Brazil, Uruguay, and the Argentine Republic. A second fleet sails between Southampton and Aspinwall, via Barbadoes, touching at La Guayra and other ports of the northern coast of South America. The third fleet receives and discharges its freight from and for Europe at Barbadoes and sails via the Leeward and Windward Islands to Havana and Vera Cruz, the vessels being constructed especially for the West Indian service.

JAMAICA.

During 1888 eleven American steamers, aggregating 4,097 tons, entered the port of New York from Jamaica, while 245 foreign vessels, of 119,153 tons, kept up communication between the two ports. Thirteen American steamers, aggregating 7,620 tons, sailed from New York for Jamaica, and 204 foreign steamers of 80,735 tons.

Jamaica pays a subsidy of $72,000 a year to the Atlas Steam-ship Company for maintaining communication between Kingston and New York.

TOBAGO.

The Island of Tobago has recently contracted for steam-ship connection with New York, for which it agrees to pay $25,000 a year.

DUTCH GUIANA.

Under a subsidy from the Government of the Netherlands the Royal West India Mail Service has been for some time running a monthly line of steamers from Amsterdam to Paramaribo, Dutch Guiana, from there to New York, and from New York to Amsterdam. This service has been supplemented by another line with steamers of greater tonnage and speed and better passenger accommodations, and the intervals between sailing days have been shortened to three weeks. Besides touching at Paramaribo these steamers will visit La Guayra and other ports

on the Spanish Main, and sail from there to New York, thus offering another and serious competition both in freights and passenger traffic to the "Red D" Line that sails under the American flag. These Dutch steamers take no merchandise from the United States to the ports of South America, but sail the other way, bringing sugar and other produce, which adds to our imports but does not affect our exports. A similar triangular system has been going on for years between Brazil and Europe. English ships bring the raw products of that empire to New York, and with the proceeds of their sale purchase manufactured merchandise in England.

XIV.

OUR STEAM-SHIP LINES TO LATIN AMERICA.

There are but seven regular lines of steam-ships sailing under the flag of the United States between the ports of this country and those of Latin America. These are owned and operated by—

(1) The Pacific Mail Steam-ship Company, sending vessels every ten days between New York and Aspinwall and between San Francisco and Panama.

(2) The Brazilian Mail Steam-ship Company, sending vessels monthly between New York and the ports of Brazil.

(3) The "Red D" Steam-ship Company (Boulton, Bliss & Dallett), sending steamers three times a month between New York and the ports of Venezuela.

(4) The New York and Cuba Mail Steam-ship Company (James E. Ward & Co.), maintaining a weekly service between New York and the ports of Cuba, a weekly service between New York and the ports of Mexico, and a semi-monthly service between New York and Nassau and other West India ports.

(5) Clyde's West India Line (William P. Clyde & Co.), sending steamers once a month to San Domingo, Hayti, and other West India Islands.

(6) The Morgan Steam-ship Company, sending steamers once a week between New Orleans and Cuba.

(7) The Plant Steam-ship Company, sending steamers twice a week between Tampa, Fla., and Havana.

THE PLANT STEAM-SHIP LINE.

The amount of money paid the Plant line of steamers is not contained in this statement given below, for although they ply between the United States and a foreign port their service is contracted for by the Post-Office Department under the same system that is applied to the coastwise trade.

The Plant line service has existed between Tampa, Key West, and Havana for the last three years. It has two fast steamers in commission, the *Mascotte*, 520 tons, and the *Olivette*, 1,105 tons. The *Mascotte* runs

twice a week the whole year round. The *Olivet* is only used to accommodate the heavy winter travel to the West Indies. During the summer months the *Olivet* sails between Boston and Bar Harbor. The steamers leave Tampa upon the arrival of the through trains from New York and arrive in Havana the following morning. The amount paid this company for carrying the mails three times a week during the winter months and twice a week during the summer months is $58,500 a year, or $10,000 more than is paid to all the other steam-ship lines between the United States, the West Indies, and Central and South America. If similar compensation were guaranteed other lines we would have regular weekly communication between the ports of the United States and all the South American countries.

THE MORGAN COMPANY.

The Morgan line sends steamers between New York and New Orleans every ten days, and between New Orleans, Havana, and the Mexican ports. This line has seven steamers, the *Morgan City*, 1,291 tons; the *Arkansas*, 1,157 tons; the *Algiers*, 1,287 tons; the *Hutchinson*, 910 tons; the *Chalmette*, 1,931 tons; the *Excelsior*, 2,407 tons; and the *New York*, 1,259 tons. For the fiscal year ending June 30, 1888, the line carried 334 pounds United States letters and 2,124 pounds prints, for which the compensation was $703.58.

There are several other companies sending vessels more or less regularly between the ports of the United States and those of Central and South America, all of which are embraced in the following list, taken from the report of the Postmaster-General for 1888. The statement also shows the amount of money each company received during that year for the transportation of the United States mail:

Name of steam-ship line.	Destination.	Compensation.
Pacific Mail (from New York)	United States of Colombia	$20,153
Pacific Mail (from San Francisco)	do	2,535
New York and Cuba Mail	Cuba	195
Steamer Haytien Republic	Hayti and Turk's Island	307
Lord & Austin	do	175
Clyde	Hayti and San Domingo	1,124
Red "D"	Venezuela and Curaçoa	6,084
Winchester & Co.	Porto Rico	49
New York, Havana and Mexican	Mexico	664
Royal Mail	Central America	3,893
Morgan	Cuba	156
Do	Mexico	64
Do	Central America	482
Otcri's Pioneer	Honduras and Guatemala	360
United States and Brazil Mail	Brazil and Windward Islands	11,733
New Orleans and Colombia	United States of Colombia	14
Pacific Mail	Inward service	76
Total		48,072

FOREIGN LINES.

There are also a large number of steam-ship lines owned by foreign companies and operated under the flags of foreign nations, furnishing

transportation between the ports of the United States and those of Central and South America.

THE ATLAS STEAM-SHIP COMPANY.

One of the most successful foreign lines, as well as the most dangerous competitor to American steam-ships, is the Atlas Company, owned by English stockholders and sailing under the British flag. This company receives no aid from the British Government, but has a subsidy of $60,000 a year, or $3,000 a trip, from the colonial authorities of Jamaica for making Kingston its headquarters.

This sum, which the Atlas Company receives from a single port at which it touches, is $12,000 more than all the American lines receive from our Government, and $40,000 more than is paid by the United States to sustain the company which attempts to compete with it under the flag of the United States.

The Atlas Company has a fleet of eleven steamers in service at present, with one on the stocks which will be launched shortly, and another at the bottom of the North River, where it was sunk by collision some months ago. Arrangements are being made to raise it, and it will probably be in the ship-yards for repairs before this report is printed. The following is a list of the steamers engaged at present in the service of the Atlas Company:

Steamers.	Tons.	Steamers.	Tons.
Adirondack	2,700	Alps	2,000
Alene	2,200	Alvena	1,800
Athos	2,200	Atlas	1,600
Alvo	2,200	Caribel	1,500
Ailsa	2,200	(Steamer building)	1,100
Andes	2,000	Arden	600
Arran	500		

These vessels are all of iron and steel, were built by the most celebrated contractors in Scotland, and each fit for the passenger trade. By reason of their ability to maintain their steamers cheaper than the American steamer can be maintained and the subsidy received from the colonial government of Jamaica, the Atlas Line is able to carry freight at much less than is charged by the competing American lines, and has been very prosperous. It is a matter of common report that the profits on its last year's business will more than pay the cost of the new steamer that is now building and the repairs of that which was sunk last spring.

The service of the Atlas Company covers the West Indies and the Spanish Main. The steamers sail from New York to Hayti, Jamaica, and other West India islands, and all the principal ports on the north coast of South America, and carry the United States mails. During the year 1888 the Atlas Company received $2,172 compensation from the United States Government for the transportation of the mails.

THE RED CROSS LINE.

The Red Cross Steam-ship Company, which is owned by English capital, runs between New York City via Baltimore and the ports of Brazil. Its steamers are of first-class English construction, of two thousand tons or more. It receives a subsidy of $150,000 a year from the Brazilian Government, and received $189 from the United States last year for carrying the mails to Brazil.

THE BOOTH STEAM-SHIP COMPANY.

The Booth Steam-ship Company, which is owned by English capital and sails under the British flag, sends one steamer monthly between New York and the ports of Brazil, and bi-monthly steamers to the ports of the Amazon, for which it receives $7,000 per voyage from the Brazilian Government, or a total of $168,000 a year.

ROYAL DUTCH WEST INDIA COMPANY.

This company, which is owned by Holland capitalists and sails under the flag of the Netherlands, is engaged in what is known as the triangular service, sailing from Amsterdam to the ports of the West Indies, Venezuela and Colombia, and then returns to Amsterdam by way of New York. It receives a subsidy from the Government of the Netherlands of $14,400 monthly for the transportation of the mails to Demarara, and also a bounty of $1.56 for every geographical mile sailed in its voyages, which amounts annually from $132,000 to $140,000. Its aggregate subsidies average $150,000 a year. This company has four fine steamers, as follows:

Steamer.	Tons.	Steamer.	Tons.
Prins Willem I	1,250	Prins Maurits	1,250
Prins Frederik Hendrik	1,500	Prins Oranje Nassau	1,250

By reason of its subsidy this company is enabled to cut under the rates charged by the Red D Line to Venezuela, and is its most dangerous competitor. It carries no freight from New York to the South American ports direct, and therefore contributes little or nothing to our exports, but comes here loaded with the sugar of Dutch Guiana and other products of the South American countries, which it leaves at New York, and therefore adds largely to our imports from those countries. It also carries a good deal of freight to the South American countries by way of Amsterdam, and is able to give a rate from New York across the Atlantic and then to South America cheaper than a direct American line can afford to offer. It is said that our imports from South America by this line last year were $14,442,000 and our exports $11,497,000.

THE HONDURAS AND CENTRAL AMERICAN COMPANY.

The Honduras and Central American Company, which sails under the British flag, sends two steamers a month from New York by way of Jamaica to the Central American ports on the Caribbean Sea. It has two fine steamers, the *Auguan*, 1,213 tons, and the *Hondo*, 1,200 tons, built of steel in 1887, with fine passenger accommodations. The time of passage from New York to Jamaica is five and one-half days, and from Balize, Honduras, to New York, six days. A new steamer of 1,800 tons is being built for this line, and will be put in commission during the coming winter.

This company receives a subsidy of $10,000 a year from Guatemala, $10,000 a year from Nicaragua, $7,500 a year from Spanish Honduras, and $5,000 a year from British Honduras, making a total of $32,500 a year, and comes in direct competition with the Pacific Mail Company and the New York and Cuba Mail Steamship Company, which sail under the American flag. It receives in subsidies from the Central American governments, as will be seen, $10,000 more per year than is paid by the United States to the competing lines which sail under its flag.

SLOMAN'S NEW YORK AND BRAZIL LINE.

The Robert N. Sloman New York and Brazil Line sends a steamer every month between New York and Baltimore and the ports of Brazil. It has four steamers of about 1,500 tons burden, which carry freight alone, and take neither passengers nor mails. It receives the sum of $7,000 per voyage from the Brazilian Government, or a total of $84,000 per year.

THE SPANISH WEST INDIA LINE.

The Compañía Transatlántica Española receives a subsidy of $436,180 from the Government of Spain, and $420,000 annually from the Government of Mexico, or a total subsidy of $856,180, or eighteen times more than is paid by the United States to all the foreign steamers that sail under its flag.

Three steamers a month leave New York for Havana and Vera Cruz, touching at the principal ports of the West Indies and the Spanish Main. It has a large number of steamers of greater tonnage than any sailing under the United States flag.

NEW YORK AND PORTO RICO STEAM-SHIP LINE.

This company sends a steamer every three weeks between New York and Porto Rico.

QUEBEC STEAM-SHIP COMPANY.

This company operates a line of steamers between New York, Bermuda, and the West India Islands, sailing once a week, and receives a subsidy aggregating $2,000 a voyage, or $72,000 a year, from the

various West India Islands at whose ports it touches. It has five steamers, fitted up for passenger travel, namely:

Steamer.	Tons.	Steamer.	Tons.
The Orinoco	1,200	Bermuda	1,000
Trinidad	1,500	Muriel	1,000
Flamborough	750		

Last year this company received $1,665 for carrying the United States mails.

NEW YORK AND JAMAICA LINE.

This line sends steamers irregularly, under the English flag, between New York and the ports of Jamaica. As a rule they go down in ballast and return laden with sugar and fruits.

TRINIDAD LINE.

This company, which sails under the English flag, owns two steamers, and charters a third, which sail every alternate Thursday from New York to Port of Spain, Trinidad. It receives a subsidy of $25,000 a year from the colonial government of Trinidad, or more than half as much as is paid by the Government of the United States to all steamers that sail under its flag.

THE TAURUS LINE.

This line belongs to an English company, and sends a steamer monthly, or oftener if necessary, to the ports of Porto Rico, and carries freight only.

THE PEOPLE'S LINE FOR HAYTI.

This is an English company which sends a steamer once a month, or oftener if the freight demand warrants it, between New York and the ports of Hayti. It carries no passengers or mails.

NEW YORK AND YUCATAN STEAM-SHIP COMPANY.

This company operates under the English flag, and has two steamers, the *East Gate*, 1,060 tons, and the *Tangier*, 1,260 tons, which sail semi-monthly between New York and the ports of Mexico, and receives a subsidy of $2,000 per trip from the Mexican Government.

THE ANCHOR LINE.

The Anchor Line, which is owned by an English company, has a fortnightly service between New York and Jamaica with two steamers of about 1,000 tons, but it takes no freight or mails and receives no subsidy.

THE ATLANTIC AND WEST INDIA LINE.

This line is owned by an English company, and sends steamers monthly between New York and Trinidad, stopping at other ports of the West Indies, and receives a subsidy of $48,000 from the colonial government of Trinidad.

THE WINCHESTER.

Messrs. J. W. Winchester & Company, English capitalists, send a steamer under the British flag every two weeks between New York and the West Indies, and a steamer once a month from New York to Brazil. Its steamers are of 1,200 tons burden, but take no passengers or mails.

THE ERN LINE.

The Ern Line has a fleet of three steamers, owned by English capitalists, which ply between Philadelphia and St. Jago; they carry no passengers or mails, but usually go out loaded in ballast and come back loaded with iron ore.

THE NEW ORLEANS AND BALIZE ROYAL MAIL.

This is an English company which operates a weekly service between New Orleans and the northern ports of Central America, and receives a small subsidy from the Government of British Honduras. It has three steamers—the *Breakwater*, *City of Dallas*, and the *Wanderer*—with a total tonnage of 2,500 tons, and last year received $3,393 from the United States for carrying the mails.

OTERI'S PIONEER LINE.

This company, which has one American vessel of 695 tons and three steamers which sail under the English flag, operates a semi-monthly service between New Orleans and the northern ports of Central America. It carries no passengers or mails.

NEW ORLEANS AND COLUMBIA LINE.

This line belongs to an English company which sends steamers twice a month during the freight season between Aspinwall and other ports of Colombia and New Orleans.

THE TRAMP NUISANCE.

The most serious competition which steamers bearing the flag of the United States are compelled to contend with comes from so-called tramp vessels—the guerillas of the sea. They are generally worn-out hulks, discarded by the companies who owned them, and sent out as a matter of speculation to pick up what freights they can from port to port, like an old and worthless horse turned out of the regular pasture to find his living by the roadside.

These tramps leave their native countries, principally England, Germany, and Spain, a few months before their annual certificates of inspection expire. They can and do remain away for years, and as long as they do so there is no power to compel them to undergo survey and inspection. Some of these tramps visit the colonial ports of the country under whose flag they sail, but this is a very small portion of their business. Their principal business is done between the United States and foreign ports, and as the cost of maintaining them is merely nominal, they are enabled to cut under the regular lines of steamers to any extent that may be necessary to get the trade. Many of them unite a commercial business with the transportation business, and when they can not obtain cargoes in the regular way they purchase goods, or take them upon consignment, to be sold at the ports they visit. The American steam-ship lines with which they compete sell transportation pure and simple, and are not allowed by law to discriminate in rates of freight.

TABLE OF DISTANCES.

In connection with the question of establishing additional lines of steamers between the United States and Central and South America, the following table of distances in statute miles, by steamer routes, from New York and from New Orleans, respectively, to the ports named, will prove of interest:

[Furnished by the Hydrographic Office of the United States Navy Department.]

From New York to—	Miles.	From New Orleans to—	Miles.
Havana, Cuba	1,451	Havana, Cuba	714
Maracaibo, Venezuela	2,303	Maracaibo, Venezuela	2,048
Georgetown, British Guiana	2,603	Georgetown, British Guiana	2,879
Paramaribo, Dutch Guiana	2,741	Paramaribo, Dutch Guiana	3,052
Para, Brazil	3,455	Para, Brazil	3,915
Pernambuco, Brazil	4,319	Pernambuco, Brazil	5,009
Bahia, Brazil	4,733	Bahia, Brazil	5,412
Rio Janeiro, Brazil	5,528	Rio Janeiro, Brazil	6,218
Montevideo, Uruguay	6,690	Montevideo, Uruguay	7,393
Buenos Ayres, Argentine Republic	6,794	Buenos Ayres, Argentine Republic	7,508
Valparaiso, Chili*	9,780	Valparaiso, Chili*	10,438
Callao (Lima), Peru*	11,274	Callao (Lima), Peru*	11,988
Carthagena, United States of Colombia	2,337	Carthagena, United States of Colombia	1,612

* Through Straights to Gulf of Penas.

XV.

THE PACIFIC MAIL STEAM-SHIP COMPANY.

NEW YORK, *September* 18, 1889.

SIR: Your favor of July 26, 1889, has been referred to me, and in answer to the questions submitted therein I beg leave to reply as follows:

ITS BEGINNING AND EXTENSION.

The Pacific Mail Steam-ship Company is a corporation chartered by a special act of the legislature of the State of New York, passed in 1848, the charter having been extended by supplemental acts passed in 1868 and 1888. At the time of the commencement of business by the company there was a large and growing passenger traffic between the port of New York and California, culminating in 1849, during the time of the gold fever, in a business which was devoted almost exclusively to the carrying of passengers, there being little or no freight to be forwarded between the port of New York and what subsequently became San Francisco.

The nature of the company's business was determined by the fact that there was little or no commerce between the port of New York and the Central American and Mexican States. The ships of the company which were in use at the commencement of its business were, therefore, fitted up and run to meet the rush of people from the Eastern States to the gold fields of California. Since that time there has been a great change in the nature of the traffic carried on by this company, and it has extended its routes by taking in not only a coast trade on the western coast of Central America and Mexico, but also a trans-Pacific trade to Japan and China. This extension of its business, as well as the large increase of the volume of merchandise imported from and exported to the ports above mentioned, has called for an increase in the number as well as in the tonnage of the vessels of this company.

THE COMPANY'S VESSELS.

The company is now the owner of seventeen vessels, as follows:

The *City of Peking*, a freight and passenger screw-steamer, of 5,079 tons, built by John Roach at his yards, and costing $1,437,397.04.

The *City of Rio de Janeiro*, a freight and passenger screw-steamer, of 3,548 tons, built by John Roach at his yards, and costing $522,123.21.

The *City of Para*, a freight and passenger screw-steamer of 3,532 tons, built by John Roach at his yards, and costing $554,963.98.

The *City of New York*, a freight and passenger screw-steamer of 3,019 tons, built by John Roach at his yards, and costing $763,157.24.

The *City of Sydney*, a freight and passenger screw-steamer of 3,016 tons, built by John Roach at his yards and costing $760,820.23.

The *Colima*, a freight and passenger screw-steamer of 2,905 tons, built by John Roach at his yards, and costing $488,380.68.

The *Newport*, a freight and passenger screw-steamer of 2,735 tons, built by John Roach at his yards, and costing $360,034.85.

The *Colon*, a freight and passenger screw-steamer of 2,685 tons, built by John Roach at his yards, and costing $604,750.52.

The *Acapulco*, a freight and passenger screw-steamer of 2,572 tons, built by the Harlan & Hollingsworth Company, at Wilmington, Del., and costing $600,232.81.

The *San José*, a freight and passenger screw-steamer of 2,180 tons, built by John Roach at his yards, and costing $367,256.08.

The *San Blas*, a freight and passenger screw-steamer of 2,180 tons, built by John Roach at his yards, and costing $350,057.78.

The *Starbuck*, a freight and passenger screw-steamer of 2,157 tons. This vessel was a foreign vessel which had been built over and repaired sufficiently to comply with the law authorizing her being registered as an American vessel, and she cost the company $329,920.43.

The *South Carolina*, a freight and passenger screw-steamer of 2,099 tons, built at Boston, Mass., and costing $270,000.

The *San Juan*, a freight and passenger screw-steamer of 2,076 tons, built by John Roach at his yards, and costing $351,044.88.

The *Clyde*, a freight and passenger screw-steamer of 2,016 tons, built by the Messrs. Cramp at Philadelphia, and costing $325,386.29.

The *Crescent City*, a freight and passenger screw-steamer of 2,003 tons, built at South Boston, and costing $314,352.94.

The *City of Panama*, a freight and passenger screw-steamer of 1,490 tons, built by John Roach at his yards, and costing $332,429.05.

LINES AND LENGTH OF TRIPS.

These vessels run on four lines: first, between New York and Aspinwall; second, between Panama and various Central American ports; third, between Panama and various Mexican ports; fourth, between Panama and San Francisco; and, fifth, between San Francisco and Yokahama and Hong-Kong.

The trip between New York and Aspinwall occupies on an average eight days, and there is communication between those ports, by steamers of this company, three times per month.

The length of the trip from Panama to the Central American ports

depends largely upon the season of the year and the amount of freight carried, but averages ten days; and a vessel starts from Panama, on her round trip, on an average of three times a month.

The length of the trip between Panama and the Mexican ports is also dependent upon the amount of freight to be had, but averages eighteen days; and a vessel starts from Panama, on the round trip, on an average of once a month.

The trip from Panama to San Francisco ordinarily occupies about twenty days, and there is a vessel each way three times a month.

The vessels of this company cross the Pacific from San Francisco to Yokohama and Hong-Kong every twenty days, and the time occupied by them in so doing averages from twenty-five to twenty-eight or twenty-nine days.

PORTS AT WHICH VESSELS TOUCH

The following are the ports at which the vessels of this company call:

Aspinwall, United States of Colombia.
Panama, United States of Colombia.
Punta Arenas, Costa Rica.
La Libertad, Salvador.
Acajutla, Salvador.
San Jose de Guatemala, Guatemala.
Champerico, Guatemala.
Acapulco, Mexico.
Manzanillo, Mexico.
San Blas, Mexico.
Mazatlan, Mexico.
San Juan, Nicaragua.
Corinto, Nicaragua.
Amapala, Honduras.
La Union, Salvador.
Yokohama, Japan.
Hong-Kong, China.
San Francisco, California.

COMPETITION.

In carrying on this business the company, as in the case of most carriers, has met competition from various sources, from time to time. In every port of call, the vessels of this company meet a competition arising from sailing vessels, the amount of such competition being dependent upon the activity of freight rates for such vessels. Of late there has also arisen a competition from the class of steam-vessels known as "tramps," which turn up at all points, and at times are active bidders, at extremely low rates, for freight of every kind and nature. In addition to these competitors, this company meets, at Aspinwall, the vessels of the Atlas Steam-ship Company, running between this port and the Central and South American States, and those of the West India and Pacific Steam-ship Company and the Harrison Line, running between New Orleans and the ports of the Central American and South American States. In addition to these, there are also various lines of steamers running to European ports from Aspinwall, which, although not in direct competition for freight seeking this port, are always desirous of obtaining through freights from China or California, by way of the Isthmus.

On the western coast of Central America and Mexico this company meets the steamers of English, Mexican, German, and Hawaiian lines, notably those of the Kosmos and Kirsten lines. At San Francisco this company meets active competition from the steamers of the Occidental and Oriental Steam-ship Company, ships chartered by the overland railroad companies, viz: The Central Pacific and Southern Pacific Railroads; also from the sailing vessels chartered by the Northern Pacific Railroad, and the ships chartered by the Canadian Pacific Railway.

GROWTH OF BUSINESS WITH CENTRAL AND SOUTH AMERICA.

As intimated above, there has been a large increase in the character and volume of the business of this company, particularly that carried on with the Central and South American States. This increase has been brought about by the growth of mercantile intercourse with these countries, and also by the development of the foreign states themselves.

MANUFACTURES OF THE UNITED STATES IN DEMAND.

The cargoes carried by the steamers sailing outward from ports of the United States are as varied in their character as the manufacturing industries of the States themselves. There is at the present time, we should infer from the nature of our cargoes, an active demand in the South American, Central American, and Mexican States, for all sorts of American manufactures, including cotton goods, woolen goods, machinery of all descriptions, canned goods, etc. It is, however, the amount of machinery exported by our line which calls for attention. This class of goods includes not only mining and milling machinery, but agricultural implements of every kind and nature, gathered from the manufactories of the East and West. For your information on this subject, we inclose, as requested, a copy of our manifests, one each from the port of San Francisco and the port of New York.

MAIL SUBSIDIES.

It has always been the contention of this company, and it desires to be clearly understood upon this subject, that any compensation made to it for carrying the mails should be on as fair and reasonable a basis as that made to vessels engaged in the coastwise trade, and also to the various railroads employed in the United States mail service. The company has never called for any specific method of determining the rate of such compensation. All it desires is that any rate established as a basis for compensation to other carriers doing mail service shall be extended to this company for a like service; that is, that an equal service shall receive an equal compensation. Due regard should also

be had to the fact that the vessels of this company are competing at various ports with steamers of foreign countries which are heavily subsidized.

ED. LAUTERBACH.

NOTE.—The Pacific Mail Steam-ship Company receives subsidies from the several Central American Republics as follows:

Mexico	$30,000
Guatemala	24,000
Salvador	24,000
Nicaragua	6,000
Honduras	5,000
Costa Rica	12,000

XVI.

THE WARD LINE OF STEAMERS.

113 WALL STREET, NEW YORK,
September 4, 1889.

DEAR SIR: In reply to your inquiry regarding our line of steamers, we beg to submit the following statement:

ORGANIZATION AND FLEET.

The Ward Line, though properly established under its present standard in 1877, had been in existence, in a more or less irregular way, for several years previous.

In 1877 the present line was started with two steamers, to which additions have been made periodically until 1888.

In 1881 the business was incorporated under the laws of the State o New York, under the title of the New York and Cuba Mail Steam-ship Company, and this company in 1888 bought out the Alexandre Line, taking possession of two steamers, so that at present it owns the following fleet:

Niagara	tons, gross	2,265
Saratoga	do	2,426
Santiago	do	2,359
Cienfuegos	do	2,362
City of Washington	do	2,635
City of Alexandria	do	2,480

All of which are first-class iron steamers, built by John Roach, at Chester, Pa.

AMERICAN POLICY OF THE OWNERS.

From the very first it has been the desire of the owners to keep a strictly American line, and this record has never been broken, notwithstanding the constant opposition—so considered—received from our own Government.

It had been the intention of its owners to encircle the entire island of Cuba and other West India islands with lines of purely American ships, built in the United States and manned by American citizens, and from 1877 to 1882 this policy was carried out, and would have been continued

had not a sudden stop been put to it by the action of Congress and by special legislation by heads of Government departments, which kept the owners of this line in constant fear of direct legislation against American ships, so that during a period of from six to seven years they simply floated on, waiting to see what would be the result of the marvelous bills, which from time to time were introduced into Congress, and how long the antedeluvian laws, made for a time when there were no steamers nor vessels much larger than the ordinary fishing smack of the present age, were to be made to apply to the large ships now demanded by our general commerce.

GOVERNMENTAL OBSTACLES TO BUSINESS.

When the late Democratic administration went into power bills were already pending in Congress to admit foreign-built ships under the American flag, ships that, being built at considerable less expense, and by their very construction could be used in the same trade at very much smaller cost; and there were statutes under which Government officers were constantly harassing American steamers, carrying out, not the spirit, but the technicality of the law. There was a poor, very poor, compensation for the transportation of the mails, and there existed numerous taxes and fees which, taken all together, really seemed as if our Government was intent upon wiping out entirely from the ocean the very little that was left of the American merchant marine. No sooner had President Cleveland organized his Cabinet than a system of antagonism was established, under which all American ship-owners bowed down and resigned to lose all that they had invested, and allow our British cousins to take possession of the oceans and the commerce of the world.

It was at this time that all the American steam-ship owners called in a body upon Postmaster-General Vilas, presented their grievances, and asked that the $400,000 that had just been appropriated by Congress for the transportation of foreign mails be divided among them in pro rata proportion to the number of miles traveled by each line, which sum, small as it was, was, if not greater, yet morally much better than the paltry amount that had just been settled upon for sea conveyance of mails. The history of this controversy is well known to every Congressman and officer of the Government. We will simply state that the Postmaster-General rejected the commands of Congress and refused to pay that sum to the steam-ship lines, and that upon their refusing to convey the mails unless they were reasonably paid, he inaugurated a system of most disgraceful mail routes, awarded the United States mails to any and every foreign vessel that he could obtain, and finally helped to the establishment of the overland route to Havana, now known as the Plant system, which naturally came into open competition with the Ward Line.

Notwithstanding the repeated complaints of the northern merchants

he persistently refused to permit the steamers to take regular mails, and that—it is so reported in Cuba—through his recommendation the receivers of letters privately carried by the steamers were heavily taxed there, until it became almost impossible to communicate with Cuba by the steamers. (See copy of letter written to Mr. Wanamaker upon the advent of the present administration.) Again, during all that period of what certainly looked like open hostility, we were compelled to call upon the State Department for adjustment and legislation regarding numerous outrages, which from time to time were being committed by Spanish authorities in direct violation of commercial treaties, and Mr. Bayard seemed to carry out the same warlike ideas of the Postmaster-General, taking no notice of our just claims and not even replying to numerous letters written to him.

PRESENT CONDITIONS MORE SATISFACTORY.

With these remarks, we think that it will be admitted that we have reason to state that we considered the United States Government to be acting under direct opposition to the American steamers. We will now proceed with our general information, only calling your attention to the fact that since the change of administration, with only the encouraging words of the President and the better disposition of the Cabinet, Congress, and the people at large towards the re-establishment of the American flag on the high seas, the American lines, and particularly the Ward Line, have already moved to increase their fleet and their business, the latter now having under construction three steel steamers of the most modern type, and larger than any of the fleet already named.

EXTENSION OF THE LINE.

In 1877, when the line was started, the two steamers ran only between New York and Havana; afterward the line was extended to Santiago de Cuba and Cienfuegos, then to Nassau in the Bahamas, and to these other ports were gradually added, so that at present the Ward Line may be found at Havana, Matanzas, Cardenas, Sagua, Santiago de Cuba, and Cienfuegos, in Cuba; Nassau, in the Bahamas; Progreso, Campeche, Frontera, Tampico, Tuxpam and Vera Cruz, in Mexico.

All these places are strictly producing countries and not manufacturers. That is, in Cuba, sugar, tobacco, fruit, and woods are produced; in Nassau, fruit and sponge; in Mexico, hemp, coffee, tobacco, and woods; and all these countries are large consumers of manufactured goods, from the world over.

COMPOSITION OF CARGOES.

The question has been asked, "What do our steamers carry out?" and the answer is "every imaginable thing;" the wheat, corn and other grain grown in the far West; the flour milled principally on the Missouri and

Mississippi Rivers; the lard, bacon, ham, beef, and butter from Ohio; the manufactured agricultural implements, glass, earthen and iron ware from Pennsylvania, and the innumerable articles of every description produced or made all round us; machinery taking quite a prominent part in a ship's cargo. With every article, our shippers, manufacturers, and producers are in direct competition with Europe, from where numerous lines have been started to those very ports, under large subsidies paid them by their respective Governments, thus enabling them to carry at a cheaper rate of freight. Take, for instance, Spain, a manufacturing country as well as a producer of almost every article shipped from here. In the one item of flour the competition is tremendous, and necessarily so, owing to its very good quality, and which we are told is only equaled here at St. Louis, Mo., from where shipments are being made via rail to New York and to New Orleans.

COMPETITION OF FOREIGN SUBSIDIZED LINES.

The point has often been raised, in opposing any Government aid to steam-ship lines, that the country at large was not benefited, but only the port of New York. Is it not as much to the interest of the western miller on the Missouri and other western sections to secure these markets for their flour, and to the western farmers to find and secure the same for their grain, and to the Ohio pork packer to add and hold onto a new consumer for his lard, his butter, and his meats, and to every manufacturer all over the country to find increasing demand for his products? It can not but be conceded that unless American lines are placed on some equality with foreigners, and particularly those coming directly to the West India ports, American lines can not increase and open new routes—indeed, can not live—and, if they can not live, the commerce of this section must decline and gradually drift over to England, Germany, France, and Spain.

Take the Cuba and Mexican trade, to which the Ward Line caters, and examine the great advantages that a foreign line, heavily subsidized, has. The Spanish Government pays this line $2.036 per mile, and the Mexican Government $5,000 per trip between Vera Cruz and New York, via Havana, Cuba.

The distance from Havana to New York is 1,240 miles.

Round voyage, 2,480 miles, at $2.036	$5,049.28
Proportion of Mexican subsidy	3,018.00
Total	8,067.28

THE SPANISH SUBSIDY.

By their contracts the Spanish line has to make, and does make, three such round trips per month, so that for the thirty-six trips made in a year that company receives $290,422.08, without carrying anything but the mails. Two steamers of a second grade perform the service,

and giving them the very liberal valuation of a half million dollars, they have a net and clear profit of 58 per cent. without doing a stroke of work in the carrying of freight or passengers. Very true, there is a condition in the Spanish contract which binds the steam-ship company to use the excess of earnings allowed by the Government in the extension of lines; but before this can be demanded the following percentages are allowed the company, which, as we will explain presently, can be made as elastic as the company may wish:

(1) Deduct all running expenses of ships.

(2) A corresponding proportion for extension of routes and managing the business.

(3) Six per cent. of the value of each ship for insurance.

(4) Five per cent. on the value and 20 per cent. on its fixtures for deterioration.

(5) Five per cent. from the inventory of the ship.

(6) Five per cent. for a reserve fund.

(7) Expenses for board of crew, for coal, repairing machinery, etc.

Here we have 21 per cent. fixed and contingent percentage, which can easily be made enough to cover entirely any excess, as, for instance, "all running expenses, keeping up machinery," etc., and then no figuring is to be done until after the expiration of five years, or after the subsidy has reached the enormous amount of $1,452,110. Add to this that the Spanish Government agrees to give the company any and all the privileges that the Government may see fit to grant and will not be subjected to any special tax.

WHAT THE UNITED STATES PAYS.

Compare this with the amount received from the United States by the Ward Line, viz, the sea postage, and that is all. During the quarter ending June 30, 1889, the Post-Office Department has paid the Ward Line the sum of $334.80 for the service performed between New York and all the ports before mentioned (see Post-Office letter*), which amount, allowing that it will be the same during the entire year, gives $1,339.20, against $290,422 received by the Spanish Line. On the top of this we must not forget that the United States accords to the Spanish Line the same rights and conditions that are in force for American ships, whereas in Spanish domain every advantage is given to the one, and every possible obstacle placed before the other. Does it not appear as if by such proceeding that the United States was aiding a competing foreign line by tolerating such action against our ships? So much for the Spanish Line.

The Compagnie Générale Transatlantique, heavily subsidized by the French Government, and a lately established German line, well paid by the German Empire, are running regularly to Cuba and to Mexico, carrying there just the very goods that our manufacturers and producers

* See Chapter III, Part II.

are trying to compete with, constantly making new markets and new consumers for them, and England runs, in her usual fashion, numberless tramps, which, if not subsidized out and out, perhaps receive equal benefits, because they run them under the Spanish flag.

RESULT OF THE COMPETITION.

Let us now see the result of this competition. In 1883, when the Cuba trade from the United States was supplied almost entirely by American lines, a tierce of lard weighing a quarter of a ton was taken to Havana for $1.25; or, say, $5 a ton. It cost for handling in and out of the ship 15 cents per tierce, and a tax was paid to the Government of Spain of 62½ cents per ton, so that it netted the steam-ship $3.78 per ton to pay the running expenses of the ship and leave a fair profit to the owner thereof.

With the subsidized competition of the Spanish lines, and the French, English, and Germans, the same article has been put down to 40 cents per tierce, or $1.60 per ton, which, less cost of handling, leaves $1 per ton. What we say of lard holds good for flour, for grain, for meats, for manufactured goods, and even for passengers; and who receives this benefit? Could it be proved that the result of this great reduction went into the pockets of our people, or even into the pockets of the Cuban consumer, we might consider one as profitable and the other as charitable; but neither is the case. Goods are no longer sent to those countries on consignment, thus permitting the consignee to sell at a fair profit over cost. The system of trade has changed completely within the last ten years, and goods are now shipped on clean orders from dealers who sell to the consumer, and to-day the general price of foreign goods in Cuba, allowing for differences of exchange, custom-house duties and other Government fees, is about the same as it was ten years ago; so that the difference in the freight simply goes into the pockets of the Spanish dealers.

THE PASSENGER TRAVEL.

The same state of affairs rules with regard to passengers. The Ward Line, in building their ships, devoted considerable money in elaborate cabins, fitted with every modern improvement and luxury, and, until 1885, received $60 for a first-class passage to Havana. Travel between the United States and Cuba is of a limited character, and yet the expense of fittings and fixtures and maintenance of a first-class service is nearly as much as on the transatlantic ships carrying passengers by hundreds, for which reason the rate to Cuba must be correspondingly high. In 1885 it was fixed at $50, which is the rate now supposed to be in force. With the advent of a line which comes here with a secured profit of over $8,000 per trip, however, the rate has been marked down, and it is not uncommon to have passages sold at $35 to Havana, the same subsidized competition having reduced the rates between Mexico, Vera Cruz, and New York to an average of $60, against $85 ruling in 1885.

The annual travel to Havana, up to 1885, averaged about 3,000 each way. The subsidized route inaugurated by Postmaster Vilas took, probably, one-third from the steam-ship lines, and the remaining two-thirds are now divided between a foreign line that has no price, because, being heavily paid in advance, it naturally takes the passenger at the passenger's price, throwing in free wines during the trip.

The American Ward Line is running handicapped, and yet giving honest returns for the reduced prices obtained. The bulk of travel is composed of Spanish people. The few Americans who go to Cuba are patriotic enough to stand by the American flag, but the Spanish element is bound to favor the cheapest route every time.

MAILS CARRIED AT A LOSS.

The question is asked, What is the difference between the amount paid by the United States under the present system and what was paid before the Postal Union took effect? We can not determine this, because at that time we only ran to Havana, and now we take mails for many other places; but we are under the impression that we get now, for all ports, not more, and perhaps less, than we did before that law went into effect. Under the present law the United States Government treats mails like any ordinary merchandise, and the argument was brought out plainly during the controversy with Mr. Vilas, when he claimed that he could see no reason why we would take merchandise at $4 or $5 per ton, and did not want to carry mails on the same basis. Perhaps that idea might be remunerative to Liverpool lines, which carry an enormous quantity of mail matter, but to the Ward Line the result is palpable, the mail being comparatively small, particularly with the railroads running as they now do into the very heart of Mexico.

The accompanying letter to our present Postmaster-General shows the advantage of the mails being carried by the steamers. The advantages that the New York merchant shipper or middleman receives by it are identical with those of the manufacturer or producer.

THE COST OF HANDLING MAILS.

We have stated that for a quarter of a year the compensation for the conveyance of mails to all the ports mentioned was $334. In three months we have 28 departures and 28 arrivals, and we are compelled to sustain horse, wagon, and man, at a heavy expense, to take and to bring the mails for every movement, and during the three months of summer, quarantine time, we are compelled to bring mails from Sandy Hook by special boat at a cost of $80 per week. Now, four quarters at a like rate would bring us $1,336, and the cost of a year's handling, as explained, is $1,490. This, too, without taking into consideration the amount of money we have to pay for every ship inward and outward for Government fees in various ways, such as pilotage (compulsory), custom-house entrance and clearance fees, tax on passengers,

port warden, tonnage tax of 15 cents per ton, which on each ship amounts to about $4,000 per year.

We do not know what compensation is allowed to the Plant steamers under Government contract to carry the Havana mails, but we are told that through the combination with the railroad companies the division gives them for a run of twenty-four hours about $58,339 per year.

The Ward Line is under a contract with the Bahama government for the transportation of mails, making seventeen trips between New York and Nassau, for which the British Government pays the sum of £3,700 per year.

SUBSIDIES ADVOCATED.

A subsidy policy may be objected to, and our free-trade friends undoubtedly present strong arguments against it, but let us not forget this fact: For ten years the great question of how to restore the American flag on the high seas, how to increase our commerce, and how to bring in the South American countries has been discussed, and during these ten years the free-trade side of the house has had its way, all the while trying to make us believe that under their system all these blessings would come; but, after ten years, where do we stand? Lower than ever, and sinking lower and lower every day.

Give the other side a chance; encourage our shipping interests, and we will present to the people of the United States American ships equal to the best or better, running to every important port in the West Indies, and to our South American "extension," and you will see thousands of traders from those now unknown regions coming over here to find the goods they want, better made, more easily to be had, and just as cheap as they can be bought in the old country. Give Americans a chance, and let the foreign nations understand clearly that if they do not accord the American flag the same privileges that we Americans give to their flag in our ports, these rights must cease. Now, how to encourage all this, and how to materialize it?

In our opinion the bounty bill, now before Congress, is the best measure. If passed there is no doubt in our minds that in two or three years the country will have first-class lines of American ships running in every direction, and the trade now virtually in the hands of our neighbors across the water will find its way to this side.

Respectfully yours,

JAMES E. WARD & CO.

EXHIBIT A.

Correspondence with the Postmaster-General.

APRIL 16, 1889.

SIR: Referring to the conversation that our Mr. Hughes had with your good self a few days ago regarding the West India mail service, we now beg to submit for your consideration a few remarks showing the workings of the present system, and reasons

why the regular steamers plying between this port and the Island of Cuba should be employed by the Government for the conveyance of mails, with a fair compensation for the same. We also hand you the itinerary of our line up to the end of May next, it being the intention of our company to continue in like order for the present.

Trusting that the matter will meet with your approval and favorable decision, we are, dear sir, very truly yours,

JAMES E. WARD & CO.

Hon. JOHN WANAMAKER,
Postmaster-General, Washington, D. C.

ARGUMENT.

(1) The regular mail route, via Tampa, advertised to be a daily one between New York and Havana, has never performed more than three times per week, often only once per week, and for over a year has been only twice per week, as may be readily understood by examining the Plant Line schedule of steamers which sail from Tampa, Fla., on Mondays and Thursdays only, the mails intended for these sailings leaving New York on Tuesdays and Saturdays at 9 p. m., and should arrive at Havana on Wednesday and Saturdays in the morning.

For return of mails the steamers of the Plant Line leave Havana twice per week, on Wednesdays and Saturdays, reaching New York on Sundays and Wednesdays.

(2) The Ward Line steamers leave New York on Wednesdays and Saturdays, and can deliver the mails on Mondays and Thursdays, the latter often on Wednesdays in the afternoon, and for return they leave Havana on Thursdays and Saturdays, reaching New York on Mondays and Wednesdays.

(3) It must be assumed that the bulk of mail is a business one, much of it referring to merchandise shipped by the steamers that sail from New York, as already explained; say, papers and shipping documents necessary to make entries at the Cuban custom-house, and the failure to produce which in twenty-four hours after arrival of the vessel is punishable by the customs regulations by fine imposed upon the consignee, and causing delays in the discharge of cargo and annoying detentions in the movements of the ships which have to go to other ports in Cuba and to various Mexican ports.

If the ship carried these mails shipping documents would be in the hands of consignees invariably at the same time that the goods reach Havana, and all fines, delays, and detentions would be at once avoided.

(4) *Saturday mail.*—If a train to Tampa fails to make all connections promptly, the Plant steamer leaves without the mails, which have to wait at Tampa until the next sailing, three days later, reaching Havana on Saturday in place of Wednesday, while the steamer leaving New York the same day is at Havana on Wednesday afternoon.

Tuesday mail.—As the steamers leave New York on Wednesday, said Tuesday mail can have no reference, or, at all events, but little, to the cargo then being made up in New York for the steamer which leaves the following day, and the mails referring to such cargo, invoices, and other valuable information are consequently held until Saturday, reaching Havana on Wednesday, against the arrival of the steamer early on Monday, and the only salvation against fines has been and is the sending by New York shippers of a large bulk of mail matter by the steamers which take it at great inconvenience and expense without remuneration whatever, and simply to help the New York Cuban trade.

(5) *Up-mails.*—The Florida route mail leaves Havana on Wednesday, closing at Havana post-office at 11 a. m., and therefore can have no reference to the cargo then being prepared for the regular steamer, which sails on Thursday evening. Said Wednesday mail reaches New York on Sunday, and is practically in the hands of merchants on Monday morning. The steamer that sails Thursday at 6 p. m. arrives at New York on Monday morning, so that the mails by the steamer, 29 hours later from Havana, are delivered in New York at the same time.

The next mail leaves Havana on Saturday, reaching New York for delivery on Wednesday morning at the same time that the steamer that leaves Havana Saturday at 4 p. m.

There is, therefore, nothing gained actually by the up-mail system, via Tampa, and the Havana postmaster, knowing this, makes a mail for each steamer and sends it direct to New York.

6. These steamers have been running a number of years with the greatest regularity, and at all seasons of the year perform their voyages generally on time, while the Tampa steamers have been withdrawn during the summer months, reducing the communication to one per week, and, as was the case last year, the moment that the health authorities of Florida apprehend any danger of yellow fever the railroad connections are broken, and the mails are from five to ten days in transit.

The steamers arriving in New York during the summer deliver their mails always on time, even if the ships are quarantined.

7. Merchants here and vicinity, in their anxiety to avoid fines in Cuba for the non-arrival of their shipping documents, have been in the habit of sending such special mail by the steamers, which was delivered at Havana by messengers, at considerable expense, until the Havana post-office, acting under advice of the United States postal authorities, demanded the delivery at the post-office of all such mail, and notwithstanding that they are covered by the proper stamped envelopes, have been demanding and collecting triple postage as a fine, a tax which creates great dissatisfaction, and is the cause of constant complaint; the steam-ship line, though entirely innocent in the matter, coming in for considerable of the blame.

8. *Compensation.*—The rates allowed steamers have never been adequate, and this is particularly noticeable in the West India service, because the expense of carrying and delivering was the same—and we are not sure but what it was greater—as the European mails, being so much larger, naturally produce more in dollars and cents; and, so far as the West India mails were concerned, the Government never made allowance for the expense of the ships which had to send after the mails, carry it, deliver it, and, during four months of the year, pay for steamboats to bring it from quarantine at a heavy expense and always the same, no matter whether there was one or one hundred bags, to say nothing of the responsibility involved. The Post-Office Department is always on the qui vive and holding us responsible for the slightest delay or discrepancy in its delivery. The Government's claim that these American ships were greatly benefited by reason of having mail certificates in West India ports falls to the ground by simply stating that for a period of four years we have been running without them and have not had the slightest ripple in those foreign waters.

JUNE 5, 1889.

DEAR SIR: As an illustration of the facts pointed out to you in previous correspondence, regarding the Havana mails via Tampa, we have now to mention what has just occurred. Owing to interruptions along the line of the railroad south, the mails that left Havana Wednesday, May 29, at 1 p. m., did not reach New York until yesterday, Tuesday, June 4, at noon; whereas our steamer, *City of Washington*, which left Havana, Thursday, May 30, delivered what mails she brought on Monday, June 3, at 5 p. m.

Upon orders sent via Tampa depended the freight to be forwarded by our steamer leaving to-morrow, which, in consequence of the delay, is materially reduced, causing us, as carriers, considerable loss, and to the merchants of the Cuba trade much inconvenience, as there will be no departure for Santiago de Cuba and Cienfuegos until July 5, after to-morrow's ship.

Respectfully yours,

JAMES E. WARD & CO.

Hon. JOHN WANAMAKER,
Postmaster-General, Washington, D. C.

XVII.

UNITED STATES AND BRAZIL MAIL STEAM-SHIP COMPANY.

NEW YORK CITY, *September* 20, 1889.

DEAR SIR: I think the best manner to furnish you the desired information asked for by you would be to answer your categories in the rotation stated in your letter.

HISTORY OF THE COMPANY FROM ITS ORIGIN.

To answer this correctly it will be necessary to give briefly a retrospective résumé of the previous line that was engaged in Brazilian trade and the reason for its withdrawal.

In 1877 the late Mr. John Roach, with persevering industry, procured a ten-year contract with the Brazilian Government—a monthly mail contract averaging (at the then rate of exchange) about $6,000 per voyage—and it was fully expected that the United States Government would supplement fairly the Brazilian Government in mail pay. You will please bear in mind the long steam is through the tropics, where the evaporation is very great, hence the density of the sea-water is very great; this, with the heated water alongside, used for circulating purposes, requiring great speed of circulating pump for condensing purposes, and, as stated above, the salt-feed renders this service heavy and expensive on engines and boilers. The heavy cost of coal in Brazilian ports, the heavy port charges, and the absence of wharves to lie at, cause all cargoes to be lightered at ship's expense.

DIFFICULTY OF BUILDING UP A TRADE.

And where a steam-ship has to inaugurate a new channel of trade and divert the same from other routes who are subsidized by their governments for the very purpose of diverting to their *own* countries the valuable trade of South America, it requires energy and perseverance and great outlay of time and money to divert from already established routes to one of our own country. It may be asked, why go into trade that does not show an immediate prospect of giving a fair return to the investors? The answer is that it is only by patient, persevering, intel-

ligent (ay, and costly) work that you can divert commerce from an already established channel. It takes years to do it. You have to satisfy the Brazilian merchant of the sure permanency of your line before he will change his established business relations.

Now the advantage that is derived from the opening up of a new direct market for our own country and our own citizens is so apparent that no further comment is necessary. Our own country and our own citizens are immediately benefited. And to silence at once and forever the cry that this nation can not compete with cheap labor countries I herewith inclose you as an appendix to this letter certified copies of manifests and the state that originally produced the article. Please bear in mind that these are certified copies, and are matters of public record and verification.* And no merchant—Brazilian, European, or American—will purchase from this country if he can get his goods cheaper elsewhere with stated regularity. And the latter is one of the most important factors in this great question. If the line is run regularly, systematically, and punctually the consignee does not require to lay in more than he requires or more than the demands of his market justifies; he calculates the requirements of his market until the next arrival, knowing that it will be on hand on a specified day; and just as the requirements justify so the shipments are made. This engenders the only safe, legitimate, and conservative manner of trading and doing business. It shuts off speculation and cornering, with its attendant results (nearly always sending in a disaster to some one, and breeding an unhealthy feeling in the market), because the actual wants are supplied as required.

It was a just conclusion and expectation that the late Mr. John Roach arrived at, namely, that where this nation derived so much benefit at once from the establishment of a line to Brazil, and which, as I have imperfectly endeavored to show, could not pay him for some years afterwards, and where he was competing against foreign lines who were sufficiently and adequately paid by their Governments at once; it was a just expectation and conclusion to arrive at, namely, that the United States Government would supplement the Brazilian Government and give adequate compensation for the mail service.

RETROSPECTIVE RÉSUMÉ OF TRADE.

It is a matter of history that Congress did not take that view, and in consequence Mr. Roach was obliged to withdraw his ships, and he sold same to the Pacific Mail Steam-ship Company at a loss of 66 per cent. During the time Mr. Roach's line was running the imports increased very rapidly; directly it was withdrawn as quickly they fell off, and the Brazilian trade became speculative and unhealthy, and it is a matter of record which the mercantile agencies can confirm, that during the interval between the existence of Mr. Roach's line and the perma-

*Abstracts of these manifests appear in a preceding chapter

nent establishment of the United States and Brazil Mail Steam-ship Company that there were more failures of mercantile houses doing business with Brazil in this country than at any other period.

Therefore, a number of prominent citizens and merchants doing business principally with South America, seeing that attention was again being drawn by Congress to this very important matter, they reasonably inferred that our legislators, the more they investigated, the more they would see the absolute necessity of adopting an intelligent policy (as other nations do) in this respect. Confident in this belief, these patriotic gentlemen, in the desire to see their own country in the possession of its natural markets, which, from their geographic and climatic conditions, want what we produce and manufacture, and from the same causes we want what they produce (and it is needless to say these are the very best conditions under the sun to bring nations together in trade), determined to establish the United States and Brazil Mail Steamship Company, as before stated, under the belief that Congress, with its awakened interest would adequately pay for carrying its own mails (which they are bound to do under the postal convention of Berne), and a patriotic desire to foster trade to our legitimate markets and retain our flag on the ocean.

Please bear in mind that these American gentlemen have not received one cent from their investment from the date of its charter, April 1882, up to date. And they paid 100 cents on the dollar for every share they own. This company has gone sturdily on, and by persevering, economical, efficient policy suceeded in increasing the value of exports steadily. Does this not show that what is here recited is true, and that these patriotic gentlemen were right in their deductions?

FLEET AND VOYAGES.

You also ask "the number and character of your ships; their tonnage; where they were constructed; their freight and passenger capacity; the ports at which they touch; and the frequency and length of the voyages."

This company own three steam-ships and two now building, namely.

Steam-ship *Advance*, rated A 1, highest class, 2,605 tons gross, eighty saloon, one hundred steerage passengers. Cargo capacity 2,900 tons weight and measurement, and 900 tons coal in bunkers.

Steam-ship *Finance*, rated A 1, highest class, 2,603 tons gross, eighty saloon, one hundred steerage passengers. Cargo capacity 2,900 tons weight and measurement, and 900 tons coal in bunkers.

Steam-ship *Allianca*, rated A 1, highest class, 2,985 tons gross, one hundred and twenty saloon, one hundred and fifty steerage passengers. Cargo capacity 3,500 tons weight and measurement, and 1,200 tons coal in bunkers.

Steam-ship *Seguranca* (now building), 3,500 tons gross, two hundred

saloon, two hundred steerage passengers. Cargo capacity 4,000 tons weight and measurement, and 1,200 tons coal in bunkers.

Steam-ship *Vigilanca* (now building), 3,500 tons gross, two hundred saloon, two hundred steerage passengers. Cargo capacity 4,000 tons weight and measurement, and 1,200 tons coal in bunkers.

The above steam-ships were built and are building on the Delaware River, by the Delaware River Iron Ship Building and Engine Works, Chester, Pa.

These steam-ships leave New York at about twenty-one days' intervals, and generally on the third day afterwards leave Newport News, Va., with United States mails and manufacturers' produce from a central point in this country, and enable correspondents to take advantage of the latest hour for mailing (by fast mail trains to Newport News, Va).

PORTS VISITED BY THE BRAZIL LINE.

The following is a tabulated statement of ports of call after leaving Newport News, embraced in the United States and Brazil Mail Steamship Company's system, also corresponding distances from said ports of call from Liverpool; population of said ports and monthly consumption of flour:

Ports.	Population.	Distance from New York.	Distance from Liverpool.	Barrels of flour per month.
St. Thomas (distributing point Danish West Indies to several adjacent islands)	40,000	1,440	3,560	.....
Martinique, French West Indies	32,000	1,717	3,626	.....
Barbadoes (distributing point for British West Indies mail and merchandise)	180,000	1,880	3,682	.....
Para (75 miles up Para River, Brazil branch of Amazon. Distributing point for Amazonian Valley and River; extends 3,000 miles)	45,000	3,022	4,062	7,500
Maranham, capital of province; Brazil a tidal harbor. Distributing point for adjacent provinces	22,000	3,397	4,150	
Pernambuco, capital of province; Brazil a tidal harbor. Distributing point for adjacent provinces	130,000	4.177	4,886	10,000
Bahia, capital of province; Brazil easy of access. Distributing point for adjacent provinces	140,000	4,563	5,200	12,000
Rio De Janeiro, capital of Brazil; Brazil easy of access. Distributes to all points south	400,000	5,308	5,350	40,000
Santos, Brazil	.....	5,516	5,280	.....

Names of ports that immediately connect in distribution and forwarding mail and cargo on through bills of lading with this company's steamers from St. Thomas, Danish West Indies, and Barbadoes, British West Indies, in Caribbean Sea: Antigua, St. Kitts, St. Lucia, Mont Serrat, St. Vincent, Guadeloupe, Dominica, Trinidad, Demerara, Porto Rico, Martinique.

Names of ports that immediate and close connection is made with in distribution and forwarding mail and cargo on through bills of lading with this company's steamers from points of call in Brazil: Ceará, Par-

anagua, Antonia, Santa Catharina, Rio Grande do Sul, Pilotas, Porto Alegre, Brazil, Montevideo (Uruguay), Buenos Ayres, Rosario (Argentine Republic).

VALUE OF THIS LINE TO THE UNITED STATES.

It may be an interesting, as it is an incontrovertible fact, to mention here that since the establishment of this line the freight on coffee has never gone above 50 cents per bag (of 132 pounds) from Brazil to New York, and the latter only by one ship once. The average freight since the establishment of this line has been 28 cents per bag. Before the establishment of this line $1 per bag was the maximum and 60 cents the average freight per bag, the difference in money value to our citizens in this item alone amounting to $3,800,000 since the establishment of the United States and Brazil Mail Steam-ship Company. Other items of import and export can be summarized in the same manner in a lesser degree.

COST OF CONSTRUCTION AND MAINTENANCE OF SHIPS.

Second query: "What is the cost of constructing and maintaining your ships as compared with European ships of same description?"

The cost of similar steam-ships built and classed in the same manner with the same accommodations and mechanical appliances for rapid handling of cargo in Great Britain would be 18 per cent. less than in this country. The steam-ships *Finance* and *Advance* cost $350,000 each; the *Allianca* cost $380,000; the new steam-ships *Seguranca* and *Vigilanca* will cost, as per contract, nearly $450,000 each.

The cost of maintenance is about 25 per cent. more in favor of European steamers generally, ship for ship, in all respects equal in speed, power, passenger accommodation, etc.; but from the very many mechanical appliances, also the application of a patented device for circulating and generating, also an improved hot blast (Main's system) this company can and does operate its ships on almost equal terms, as regards expense, with foreign ships of the same class and character. Please bear in mind I am now quoting in comparison ships of the same class as this company owns, not ships of the genus "tramp," that are simply pot-metal boxes afloat.

FEATURES OF COMPETITION—"TRAMPS" AND SUBSIDIES.

Third query: "What competition do you meet with, either from New York or Europe, either by "tramps" or by regular lines of American ships?"

This question is a most prolific one. Besides the great and substantial mail pay given by European nations to regular lines, the accursed systems or laws that allow these irresponsible foreign "tramps" to trade from our own country to other countries other than their own,

making this country their base of operations and headquarters, and where they are not amenable to our laws as our ships are, is the grossest injury and injustice that has ever been perpetrated.

We have as competitors two English and one German (so-called) lines, both "tramps" pure and simple, which unite invariably with their transportation business a commercial one. In nearly every case their ships are old (very old) vessels, and in some instances "off their letters"; in other words, have no class in any classification society.

HOW TRAMP VESSELS ARE MANAGED.

These vessels leave their native country where they are amenable to the inspection laws, wherein at stated periods the hull, boilers, and engines are inspected, and the necessary repairs required must be made. They come to this country and ply so-called lines, manned by their own countrymen (naturally), who are paid at a much lower rate of wages than is paid American seamen. They generally lay in a very large supply of salted provisions and all they require in this country is small supplies of fresh beef, etc., coal, and a limited amount of stevedore labor. Now, the statement may be made that these seamen whom these foreigners ship would desert in our ports where they can by so doing get higher wages; to a very limited extent this is true; but they take care, if possible, to ship married men, and with offer of allotment notes, leaving half pay to their families, and these seamen must invariably find sureties that they will not desert the ship during the period agreed upon in the ship's articles. You can readily see by this method that they do keep these crews at the low rate of pay. If repairs are required to their machinery, they invariably send for duplicate parts or send the damaged part to their own country for renewal or repairs.

DANGEROUS CONDITION OF THE TRAMPS.

These "tramps" run year after year—old vessels subject to no law here by which legal supervision can be exercised. Their boilers may be on the point of explosion, their machinery may be in a dangerous condition, their hulls may be in the last stage of decay, their ships may be under-manned, their boats may not be fit to float when lowered from the davits, yet there is no law in this country to reach these foreigners as long as they keep away from their own country, and as long as it suits the convenience or cupidity of their owners. It no doubt will surprise you to learn that there is little if any difference made in the rate of premiums on cargo policies charged by our local insurance companies. This is due to the keen competition amongst them. As a natural sequence these ships, to get cargo at all, must take, and do take, a lower rate of freight. I state here as a positive fact that the writer asked the mate of one of these "tramps" "if it was not positively dangerous to go to sea in the steamer he was in," and I further asked

him "how many men he had in his watch." His reply was "the lookout and the man at the wheel." I asked him then "how do you handle your canvass?" The mate replied, "I take the man off the lookout, lash the wheel, and take the man from there, and I go also." He further added, "Nothing but dire necessity keeps me at this dog's life."

Now in a case such as this is, here is this under-manned ship going on ahead, no one steering, no one on the lookout, yawing about, absolutely dangerous to other craft on the ocean. We have no law to reach these vessels, although their cargoes may be wholly owned by United States citizens and insured in United States insurance companies. Does it not strike you that these "tramps" are absolutely unseaworthy? If these ships would only carry passengers, our laws would reach them, and all the requirements of our laws would have to be met fully, but when these crafts do carry passengers, they evade our laws by putting these passengers on their articles in fictitious positions. Being foreigners, this country has no control over their articles; they are deposited at their consulates, and their consul's certificate to our custom-house is all that is produced.

MIXING COMMERCIAL BUSINESS INTO TRANSPORTATION.

To show you another phase of this gross outrage upon our country: We have as competitors in our system and route these so-called lines, who are merchants and exporters dealing in Brazil, etc. These merchants and exporters are located in Europe; their interests lie there, their extended credits are located there. Does it not stand to reason that they will (and they do) discriminate in favor of themselves? For instance, to secure a constituent from an American house they will carry American produce and manufactures at a lower rate than the fair trader can do; ostensibly they will quote a freight rate, but they will so wrap up their cost, freight, and charges that it will be difficult to disintegrate them. Again, where an item of commerce enhances in value, how easy to shut out other dealers and then fill their ship. Now, the writer contends that it is the grossest injustice in any company, steamer, or vessel that advertises for patronage before the public, to discriminate in rates either in their own or any one's else favor. It is supposed by the merchant that he is competing for business; that he is doing so upon equal terms with all. He does not suppose, and ought not to be subjected to the supposition, that where by his energy, skill, forethought, and enterprise, he ships and consigns items of commerce, that he is laying bare all he has striven for to his competitor. The owner of these accursed "tramps," knowing the character of the merchant I have described, immediately ships the same article, nominally under another name, and is it not natural that this "tramp" owner should give himself a lower rate of freight and completely nullify the efforts of the fair trader above described, and send him disgusted off the field?

HOW THEY CUT INTO THE TRADE.

These "tramps" know by the published schedule the sailings of this company (the same rules apply to other regular American lines); they then advertise to leave a day or so ahead of this company's date, knowing fully they can not possibly sail. Then they wait for the orders the regular American mail steam-ship brings in, postponing their trip for the only reason they are not fully loaded, and just sail as suits their convenience. These vessels never keep faith with the public unless it suits their convenience and pocket. True, postponements at rare intervals are made even by the regular mail steam-ships, but it is for an unforeseen and unpreventable cause. Now take the case of an exporter in this country who has to deliver a line of goods within a specified time. He ships his goods upon the faith of the "tramp" advertisement that shows that ample time is left for his shipment to be delivered. Perhaps the merchant owner of that tramp wants that order, and knows the conditions of delivery in the sale. He can have that order canceled by non-delivery within the limit, and he then steps in. I can multiply case after case to show the harm, unfairness, injustice, and wrong these foreign merchant-owned ships do, not only, to regularly-organized American mail steam-ship companies, but to our own merchant citizens.

INSPECTION OF AMERICAN SHIPS.

Now let us take the other phase of this question as it affects the regular American mail steam-ship company. I want to emphatically state that I have no desire to be understood as complaining of our inspection and other laws relating to American steam-ships. They are just and proper, and are a guaranty to the public that these ships are seaworthy, of the competency of their officers, either on deck or in the engine-room, and that the hulls, boilers, engines, equipments, fire and life-saving apparatus are all in good order as shown by actually made tests and inspection by experts at stated periods. Our captains and officers, whether deck or engineer, have to undergo a rigid examination after producing proofs of their previous service and moral character. Boilers are tested by hydrostatic pressure far beyond their allowed steam pressure. The very fire-hose is subjected to the requisite test, so that when a fire does take place they know the fire-hose can stand the proper pressure for its extinguishment. The life-boats are carefully examined; every life-preserver (and there must be one for each person the ship is allowed to carry) is severally examined, and if a tie strap is out of place that must be put on. All this is proper, just, and fair. In the intervals of the stated periods of inspection, if the American steam-ships have sustained damage of any kind, written notice must be sent (under penalty if not sent) detailing said damage, from whatever cause. United States inspectors are sent immediately to the ship, a survey held, and repairs ordered, and this is done under their surveillance quite

independent of what underwriter or ship's surveyor or expert may wish to do. All this is right, proper, and just; this is protection to the passenger, crew, shipper, underwriters, and the public, and I have yet to hear of any reputable American objecting to these laws.

CONDITION OF THE COASTWISE TRAFFIC.

I have thought it best to make this long primary explanation and ask comparison between governing conditions extant between the American mail steamer and the foreign "tramp" as to the equality of terms upon which they compete. The American mail steam-ship has to suffer from the laxity of our laws that permit a state of things to exist that has operated and is now operating against our own tax-paying citizens. And (in parentheses) I would like to ask wherein lies the difference between the fully protected coastwise ship and the American foreign-going ships? Both are equal under the law. Now the American mail steam-ship company (take this company if you will) makes out a sailing schedule six months ahead, giving dates of departures and arrivals at the various ports embraced in their system, and, full or not full, the ships sail upon those dates. Faith is kept with the public, and, above all, no discrimination whatever is made, or ever has been made, in rates of freight; each shipper stands equal, no matter who he is, and can compete for business on equal terms with his neighbor. To exemplify this a classified tariff is published and circulated.

Now suppose (as in a few instances did occur) cargo engagements are made up to a certain point, and it is found by cable quotation at this time that the principal article of export has fallen in value; a reduction in rate must be made to leave a margin to the shipper; if it is done for this last shipper, then everv other shipper of the same article is at once notified of the reduction and his previously agreed upon rate reduced equally with the last shipper alluded to and all stand equal. This is our rule and invariable practice. Further, no matter who it is, no one shipper, or any one else, will get the slightest information as to what class of goods or quantity any one else is shipping; the questioner must get this information from the public documents at the customs after the ship has cleared. Again, this company, and all American steam-ship companies, sell transportation pure and simple, and not one of its officers or employés is allowed to trade. It is one of the fundamental rules of this company. Please understand, no merit is claimed for this action, it being the only fair and proper manner of honorably conducting this business, but when this action honestly carried out gives these merchant foreign-owned "tramps" an opportunity to unfairly compete, I think fair to draw the comparison.

THE AMOUNT OF COMPETITION FROM TRAMPS.

To answer your query of the class and character of the competition from tramps, I have tried to answer the part of your query so far as

New York and the United States is concerned, and will endeavor to answer balance of query in reference to Europe. As you are no doubt fully aware, the Austrian-Hungarian flour enters, or did enter, seriously into competition with our products, and there is no doubt that the quality of that flour approaches, if not in some instances excels, our own flour. (You will please understand that flour must be specially milled for Brazilian markets to overcome the climatic changes in transportation and subsequent domicile it is subjected to.) Again, the low price of labor in Austria-Hungary enables the Austrian merchant at Trieste (Adriatic Sea) to bring to tide water his flour more cheaply; cheaper at one time than we could; but our millers soon by their ingenuity, inventive faculties, and enterprise, coupled with our magnificent railway system, enabled our own citizens to whip the Austrian. But right here came in the statesmanship of the European legislators, and they subsidized mail steamers. In other words, they taxed the whole nation to open and keep open communication with a market they hitherto held. Why? By so doing the whole nation was benefited. Which, by the way, answers an oft repeated solecism made by a portion of our newspapers in writing of mail pay "taxing the whole nation for the benefit of a few," and right here competition comes in. This mail pay enables European steam-ships to lower their freight, and they do so lower it to meet American competitors. It is a fact that up to the time this company commenced running that over 50 per cent. of the flour consumed in Brazil was Austrian flour. Now at this date there is only one port (Pernambuco) to which Austrian flour is exported. I make the statement that this company has been the principal means of securing this result to our citizens, and by which nearly the whole Union is more or less benefited; but this result has been attained at the expense of the stockholders of this company, who are demanding, and justly, too, that justice be done to our mercantile marine.

EUROPEAN COMPETITION.

You ask also as to competition from regular lines of American or foreign ships. As to the American lines, it would be fair, because all the conditions would be equal, and it would simply be a question as to which managed better and served the public better that would secure paying patronage. We have also European competition derived from merchant "tramp" owners, of the same ships that are competing here. Their great object is to flood Brazilian markets with European manufactures. When this company was first inaugurated, a threat was made by their representatives in a port in Brazil that they would flood that port with their country's manufactures if they did not stop importing from the United States, or by any other ships than theirs. Again, take an instance that occurred here a very short time ago, where a cable order from Europe was sent to load one of their ships with a certain class of large-sized timber. This nearly filled the "tramp," but they advertised the ship

as being on the berth for freight. They could take but little of any one's else but their own. In point of fact, these ships are run just to suit the individual interests of that particular firm. And so it is with the others also. Suppose under the faith of that particular advertisement a merchant bought a large consignment of goods, relying upon that advertisement of sailing, published before her arrival here, and finds that the owners have filled her with their own goods. It requires no extensive stretch of imagination to arrive at just such a case. He is placed in a peculiar predicament by this want of faith and unfair dealing on the part of these foreign-owned "tramps."

THE ENGLISH-BELGIAN LINE.

There is a line of steamers owned in Liverpool subsidized by the British Government. The same owners place some of their ships under the Belgian flag, which that government also subsidizes for mail service. These vessels leave Europe with their own manufactures and sail for River Platte principally and certain ports in Brazil. Then they unload and proceed to the coffee ports and load for ports in the United States. By the receipt of mail pay they are enabled to cut under current rates of freight and do so. This particular company is notorious for its discrimination in rates; in one instance a 25 per cent. reduction was made to one coffee firm in this very city. These ships discharge here, then load up for England or Belgium and take cargo for southern ports in Brazil and River Platte via Europe by this triangular route. They thus succeed in doing our mercantile marine great harm. It is a fairly equipped line and carries passengers on some of the ships, consequently must have English Board of Trade certificates. To induce shippers to ship by this roundabout route to River Platte or Brazil, they reduce their rates.

In concluding my reply to this part of your queries, I do not think I ever regretted more my inability to do full justice to this most important subject, and I am afraid that my crude remarks will not have the weight they ought to have, and which this very important subject demands. I am fully conversant with the subject and could recite page after page in fortification of the argument assumed in answering your queries.

EUROPEAN VERSUS AMERICAN GOVERNMENT AID.

I now pass to the fourth query: "What European steamers visit the same ports and what assistance do such steamers receive from the governments under whose flags they sail?" "What compensation have you received annually from the United States for the transportation of mails or otherwise during the last ten years and under what conditions is it paid?" The steamers that visit Brazil are those of the Royal Mail Steam-Packet Ships, sailing every 16th and 30th of each month from Southampton and calling at Pernambuco, Maceio, Bahia, Rio de Janeiro,

Santos, Brazil; Montevideo, Buenos Ayres; and Rosario, in the Argentine Republic.

The Pacific Steam Navigation Company's steamers leave Liverpool about the 6th or 7th, 20th or 23d of each month for Bahia, Rio de Janeiro, Brazil, and River Platte ports, en route to west coast of South America via Straits of Magellan. The steamers of the Massagerie's Maritimes Company (French) leave a French port on the 11th and 25th of each month, calling at Bahia, Rio de Janeiro, and all River Platte ports. In addition to the above, there are Italian, German, and Belgian steamships (all subsidized) sailing on different dates in each month, and there is also the Triangular route of steam-ships (Lamport and Holt) alluded to in latter portion of answer to third query. This company's legal title is the Liverpool, Brazil, and River Platte Steam Navigation Company, limited. This company (Triangular route) run almost weekly, and have over forty steam-ships, several under the Belgian flag, which are subsidized by the English and Belgian Governments as mail ships. There are other English, French, and Italian lines that ply on the same route, but whose sailing schedules or data I have been unable to procure.

ENGLISH MAIL PACKET SERVICE.

I am totally unable to give you from official documents the amount paid as mail pay to the Italian, German, and Belgian mail steamers by their respective Governments. But herewith I hand you as an appendix to this query an extract transcript from the "Blue Book," containing the "Thirty-fourth Report of the (British) Postmaster-General for 1888," "presented to both houses of Parliament by command of Her Majesty." (Appendix G, pages 28 and 29.) You will there see the actual amounts paid by the British Government for all of what they call their Mail Packet Service. The total amount paid by the British Government for mail pay on lines in competition with our own is £109,653, equal to $531,817.05. Now please understand that this amount only represents what is paid by one Government (the British), and please further note that the Exhibit B is a copy of a document that was made out by the writer at the request and for H. K. Thurber, esq., the principal object being to refute by true public documentary evidence an article that appeared in the New York Evening Post, where a statement was made that they had received from the British treasury [sic] by letter the statement it had published. Now, the merest tyro is aware that the "treasury" was not the department to apply to for the information sought, and this part of the article was just as true as the balance of their garbled article. Besides the postal pay included in the Exhibit B, you will find also the payments to certain steam-ships made by the British Admiralty "or a subvention of merchant steamers for state purposes" by that body and extracts from the United States superintendent of foreign mails (June 30, 1888, page 6) showing the amounts paid foreign steamers for mail pay and also to American steamers. Although

the whole of this exhibit is not in accord with your question, I hardly see how I can disintegrate the same, and therefore forward it in its entirety for you to deal with as you deem best.

THE SPANISH SUBSIDIES.

Finally, to conclude this part of your fourth query, I forward you a little pamphlet marked Exhibit B, entitled "You are interested," issued by Mr. H. K. Thurber, that contains the whole of the mail pay paid by the Spanish Government. This "subsidy" law passed the Spanish Cortes November 1, 1886, and the contract was signed November 18, 1886. This law was passed by the Spanish Cortes with hardly a dissentient voice. It allows their Spanish steam-ships 10 to 18 pesetas per mile (the pesetas being worth 19½ cents), or $1.95 per nautical mile. I ask your attention to the report contained in the pamphlet and Mr. Thurber's remarks, and please allow me to ask, does it not speak trumpet-tongued? This matter was kept very quiet in Spain until they ascertained that the then United States Congress would do nothing for the relief of our mercantile marine, especially after a report made by the then chairman of the Committee on Commerce, a gentleman from Arkansas (save the mark), who, from the locality he came from, must have had a very great knowledge of maritime affairs, which I presume was the reason he was selected for that office by Speaker Carlisle.

COMPENSATION FOR CARRYING UNITED STATES MAILS.

If you will recollect, the compulsory law compelling United States ships to carry United States mails was repealed, and an act dated March 3, 1885, was passed, authorizing the Postmaster-General to call for bids for United States mails, not to exceed 50 cents per nautical mile, making an appropriation of $400,000. Steam-ships were invited to give all the information respecting their routes, etc. All this was done and many interviews held, but previous to this the Postal Department issued a letter dated March 21, 1885 (see page 102 of Postmaster-General's Report for 1885). In that letter the Postmaster-General asked for time (a proper request), but if you will follow the letter to the fifteenth line you will see that it states as follows: "The arrangement contemplated by the act of March will have been completed." Does not that show conclusively that the then Postmaster-General fully intended to carry out the laws? And I think you will find very few parallel cases to this, where a merely executive official did (or could) defy the will of Congress, as exemplified in the action of the Postmaster General at that time.

WHAT THE BRAZIL STEAMERS RECEIVE.

Upon the arrival, shortly after March 21, of some of the prominent members of Congress of the same party as the administration a decided revulsion of feeling took place in this matter, so far as the Postmaster-

General was concerned, and he certainly displayed great adroitness in slipping out and taking an entirely opposite view, and, to make a long story short, refused to carry out the above law. The time that had been asked for expired June 30; up to that time (June 30) this company, as it had promised, accepted the amount tendered by the Postal Department under the old law as follows: For voyage of 5,200 miles, calling and delivering mails at seven ports, two voyages of steam-ship *Advance* 21–22 and 23–24, $273.77 each voyage; total for *Advance*, $547.54; for steam-ship *Finance*, voyage 23–24, $273.77; for steam-ship *Merrimac* voyage 5–6, $273.78; a total payment of $1,095.09, for a total distance of 20,800 nautical miles traveled and delivering United States mails at twenty-eight ports. I think this recital carries its own comments, and the unqualified statement is made by the writer that it cost this company just twice as much to handle these mails as we received. Much discussion ensued between all the steam-ship companies and the Postmaster-General.

THE CONTROVERSY WITH POSTMASTER-GENERAL VILAS.

The companies came to a quasi agreement amongst themselves not to carry the mails unless fairly compensated upon a mileage basis. I refer you to the Postmaster-General's report for 1885, wherein you will see that that astute legal gentleman gradually wriggles away from his letter of March 21 and assumes an entirely different attitude. The Postmaster-General also accused the mercantile steam marine of this country of "contumacy" for presuming to do what they pleased with their own private property. On July 27, 1885, we received a telegraphic dispatch (see page 140, Postmaster-General's report for 1885). Our reply is on page 141, signed by company's agent for us (P. F. Gerhard & Co.), wherein we state, "Put our steamers on August schedule if you are prepared to pay adequate compensation." The Department did put our steamers on the August and all schedules ever since, and regularly ever since have tendered us the quarterly recognitions giving sea and inland postage, which have been consistently and regularly returned as being inadequate for the service rendered. We are perfectly aware that until the law is complied with and competitive bids called for by the Postmaster-General in 1885, that this action rendered the law of March 3, 1885, inoperative, and we are perfectly aware that no other resource is left until legislation is had upon this subject that the old law of 1858 must be acted under. But we are also aware of its gross injustice, and reserve our right to claim adequate compensation from Congress for work duly and faithfully performed for the United States.

HOW MAILS ARE HANDLED.

Now it would cause the shipper and general public untold inconvenience if we had refused (the law being no longer compulsory) to transport United States mails to Windward Islands and Brazil. It was

because of the sentiment and feeling among our public men and the respectable press of the country, that simple justice would be accorded to us, that we decided to carry the mails. We have hitherto been treated as marine pariahs, without honor or truth, called "subsidy grabbers," etc. This mud-slinging has helped in a great measure to deter our citizens from investing in the foreign steam marine of our country, which, I am thankful to say, is rapidly passing away, and the two hundred trades represented in steam-ship building, together with the *morale* of the mercantile marine of our country, have conjointly aroused their energies and have compelled recognition of their just rights. Postmaster-General Vilas termed United States mails "inanimate freight." All cargo is inanimate except live stock, and upon that account we could "put mails in a dark room." As a matter of fact, we have two heavy zinc-lined rooms properly filled with ventilators to keep seals from melting, and double locked. On the main deck one room is for the regular mails; the other, that is made still more secure, for the registered mails. This fact has become known to our bankers, etc., and the carriage of "valuable packages," on which this company formerly derived a revenue, is now done by the Post-Office, for which they receive the usual fees, but for which no recognition has ever yet been made.

THE PROMISES OF PRESIDENT HARRISON.

In point of fact, the Government is competing with the tax-paying citizens—asks the latter to do the work by transporting securely their registered mails (for which special receipt is taken) and retains the fees. Please bear in mind that at no time have the registration fees ever been even mentioned in any recognition sent to this company. But allow me to state that the mercantile marine of this country have now the opening of a bright dawn, the first rift in the clouds being seen in the letter of acceptance of the nomination for the high office of President by Benjamin Harrison. There is no equivocation in that letter, no double construction could be put upon its contents. It gave us renewed hope that at last our mercantile marine would receive justice and this native industry would receive its just recognition and that we were equal with our fellow-citizens under the law. All honor to Mr. Harrison that he had the courage of his convictions and the still greater courage to express them in such a conspicuous manner. There was no prevarication before a vote was cast for him; the whole of our country knew his sentiments on this and all other vital questions. What is the consequence? There is not an iron-ship yard to-day that is not full of work and other yards are springing into existence. It will not be long before we are abreast, in cost, with European builders, even if our labor does cost more.

COMPENSATION THE BRAZIL COMPANY HAS REFUSED.

Fifth query: "How much greater would your present compensation have been under the old law, before the Postal Union under which for-

eign postage was fixed at an uniform rate, regardless of the distance a letter is carried? It is assumed that when the rates of foreign postage were reduced the intention was to benefit the people, not at the expense of the steam-ship companies, but at the expense of the Government."

It seems to the writer that your assumption attached to this query is very tersely and concisely answered, and is the gist of your query. But as you put the question, I will endeavor to answer it as best I can. The postage for a letter to Brazil under the old law was 25 cents; now, under the Berne Postal Convention, it is 5 cents, or in other words a decrease of 80 per cent. We have been tendered, as detailed above, and refused acceptance, from June 30, 1885, to June 30, 1889, four years, a total sum of $43,117.66. This sum was divided by years as follows:

First year, from June 30, 1885, to June, 1886, three steam-ships, sixteen voyages, 82,200 miles outward	$6,592.24
Second year, June 30, 1885, to June 30, 1887, three steam-ships, nine ports of call. (NOTE.—Ships proceed now to Santos and call at Martinique, distance 89,600 miles outward)	10,069.08
Third year, June 30, 1887, to June 30, 1888, sixteen voyages, nine ports of call, 89,600 miles outward	11,733.44
Fourth year, June 30, 1888, to June 30, 1889, sixteen voyages, nine ports of call, 89,600 miles outward	13,722.90
Total	43,117.60

Or, in other words, three steam-ships receive this sum for transporting United States mails 352,000 nautical miles (without the loss of a single letter), calling thirty-four times outward (and homeward, too) at ports described above. Without deducting what it costs this company to handle United States mails, the amount is 2¼ cents per mile, but after deducting that sum the residue does not pay what it has already cost.

AMOUNT THE LINE WOULD HAVE RECEIVED UNDER THE OLD LAW.

If the law stood the same as before the Berne Postal Convention we would have received $215,586.80, or, per mile, 61¼ cents. In other words, for the whole country to enjoy an uniform cheap postage, the steam-ship lines which actually do the work have to bear the brunt of this reduction. By what right does any Government appropriate private conveyances for public uses without their consent in this arbitrary way, unless in a public emergency? When I say "without consent" I, of course, mean as to the private individual having not a word to say as to compensation. We make a tariff for freight and passage; the shipper and passenger see the same, and, if they wish, pay what is asked. As it is in all businesses, a price is named, and if agreed upon, paid; it is a mutual bargain. Of course, to get the lowest price, a call for bids in open market would be requisite. Having heard you speak

publicly and knowing your sentiments upon these vital questions, it seems superfluous in me to comment further; but I would like to ask, "Is there any parallel of injustice anywhere extant?"

ADVANTAGES OF COAST AND INLAND STEAMERS.

Sixth query. "What advantages do steam-ships employed upon coast and inland waters enjoy over you in mail contracts and other respects?" In a speech delivered by you at the Spanish-American Commercial Union Dinner in the Brunswick Hotel in this city on May 1 last, I do not think a better answer (in the writer's judgment) to this question could possibly be given. We have taken the liberty to print this speech, and I have taken also the liberty of putting same in as part of this answer, and mark same as Exhibit C, and can only add to what you have tersely and ably stated—showing such a thorough knowledge of the subject—a few remarks. A contract must be entered into with any steam-ship or other craft engaged in coastal or inland waters. The mails are sent alongside and taken from their vessels at the cost of the Government, in addition to the contract carrying price, unless the vessels lie within a specified number of rods of the post-office. A foreign-going American steam-ship must send for and deliver all foreign mails at its own cost. For the life of me I never could discover why this is done, and where the difference exists between the coastwise ship and the foreign going ship. They are equally citizens under the law.

I believe this discrimination was caused by some action of the late Commodore Vanderbilt in a controversy had with the Government in reference to mails; and, judging by the traditional history of this matter, it showed a very petty spirit to continue it. This law has been kept on our statute-books, which in its unfair discrimination is a historical disgrace. Punishing "the children for the sins of their fathers unto the third generation."

COST AND PROFIT OF HANDLING MAILS.

Seventh query. "What expenses are you subjected to in receiving and delivering the mails; and after deducting this amount from your gross receipts from the Post-Office Department, what is your net compensation, both annually, per voyage and per mile?"

This question has been partially answered in reply to query fifth, and under the supposition that we had accepted the amounts tendered by the Post-Office Department quarterly. I can only give you the actual cash outlay that is incurred and paid by this company, taken from the books and vouchers of this company, and herewith show the cost of handling United States mails, and think it better to give you a detailed statement that will show on its face the actual items:

Newport News, Va.:

Use of engine and flat car to transfer mails from Pier 2 to 1	$5.00	
Use of tug-boat in winter (5 mos.), $100, or per trip.....	8.00	
Detention, say 7 hours on average, at $23.52 per hour	164.64	
		$177.64

St. Thomas, D. W. I.:			
Boat hire and porterage			$12.00
Barbadoes:			
Boat hire and porterage			6.00
Para, Brazil			
Steam-launch	R40,000		
Purser and one man in charge of mail	40,000		
Porterage	30,000		
at 55	110,000	=	60.50
Maranhao, Brazil:			
Landing mails and porterage	20,000		
Use of tug-boat part of time, average per trip	60,000		
	80,000	=	44.00
Pernambuco, Brazil:			
Boat hire	32,000		
Porterage	15,000		
Purser and one man in charge of mail	30,000		
	77,000	=	42.35
Bahia, Brazil:			
Boat hire and porterage	72,000	=	39.60
Rio de Janeiro:			
Steam-launch,	46,000		
Porterage and boat hire	115,460		
	161,460	=	88.80
Santos, Brazil:			
Steam-launch	23,000		
Porterage	37,730		
Boat hire	20,000		
	80,730	=	44.40
New York, U. S. A.:			
Cartage to post-office	$2.50		
One man to post-office	3.50		
Labor landing mails	2.50		
			7.00
Mail room:			
Lined with iron, capable carrying 520 cubic feet, at 35 cents two ways			364.00
Per trip, total			886.29
Four years, sixty-four trips, at $886.29			56,722.56
Amount tendered by United States Post-Office Department for four years' transportation of United States mails, ending June 30, 1889, but not accepted			43,117.66
Balance			13,604.90

In other words, we have paid $56,722.56 to handle United States mails, and are offered (but refused) $43,117.66 for that service.

I am ready to make affidavit to the truth of this statement.

BRAZILIAN MAIL CONTRACT.

Eighth query. "Do you receive compensation for mails carried or a subsidy from any other Governments? If so, what amount, under what

conditions, and what concessions, if any, in respect to harbor dues do you enjoy from foreign Governments?"

This company have a mail contract with the Brazilian Government for ten years from November, 1887, amounting to $95,000 per annum in United States currency for a monthly service, but we make sixteen voyages under the same conditions, which amounts per voyage to $5,937.

The only concessions granted are permissions to discharge and load at once, night or day, Sundays, national or provincial holidays, festas, etc. (but for which we have to pay extra compensation to customs officers), provided the ship arrives before sundown and in time to receive the health officer; if not, she must wait without communication until sunrise next day. We receive no exemption from any public charges or tax, national or provincial, our voyage payments for public charges for light dues, northern and southern hospital taxes (Casa Misoricordia) in each province, harbor and other dues. Customs, etc., amount to $2,346.54 per round voyage, or per voyage $1,173.27. We receive from the Bardados Colonial Government for United States mails about $15 per voyage, but for mails to adjacent islands (intermediary) we receive nothing.

There is hardly a voyage but what we carry large United States mails to West Indian Islands, Trinidad, etc., other than for the ports we touch at, and mails always for Uruguay, Argentine Republic, and for Chili via Buenos Ayres, thence by Transandine Railway across Pampas.

INCREASE OF TRADE WITH THE UNITED STATES.

Ninth query. "What increase in trade has there been between the United States and the ports you visit since your line was established?"

I do not think I could do better than hand you a small slip (marked Exhibit D) called for by the president of this company (H. K. Thurber, esq.) in answer to the very same question. This slip briefly gives the percentage each year, and the average of each State in value and average percentage, embracing twenty-five States.

SATISFACTORY CHANGES IN METHODS OF BUSINESS.

Tenth query. "Have there been any changes in the methods of commerce? As I understand it, goods are no longer sent upon consignment, but upon orders."

There has been an entire and almost radical change in the manner of doing business since the establishment of this regular line, and an almost entire absence of speculation. Orders for actual wants are the predominant features, consequently a more healthy and secure business, and what is of equal importance, a sure turning of the trade to this country, which merely requires more frequent and regular communication to secure the majority of the trade, as each country wants what the other produces and manufactures.

CHARACTER OF CARGOES.

Eleventh query. "What is the character of your cargoes, and where are the goods produced?

"As it is believed that the people of the interior are as much interested in promoting steam-ship communication as those of the sea-board cities, it is important to show the source from which the merchandise you carry comes, and if you give the States and cities in which it is produced, the information will be of great importance. Please furnish sample copies of manifests showing the character of your cargoes."

The cargoes exported in this company's ships, with the exception of only one or two items, principally Canadian codfish (under bond), are the products and manufactures of the United States. I have sent certified copies of manifests for your verification.

HOW MAIL CARRIAGE SHOULD BE PAID FOR.

Twelfth query. "Is it your opinion that steam-ships should be paid for the distance sailed and not by the weight and number of letters carried? If not, what would be your plan for the payment of mail transportation? Is it practicable to subsidize steam-ships upon the amount of freight carried or the tonnage of the vessel?"

My opinion is that mails should be paid for upon a mileage basis. Is it fair to pay the same (as now is done) for mails from Portland, Me., to Halifax, Canada, as from New York to Santos (5,600 miles)? Now, with reference to weight of mails. The mails from South America are very rarely of a social character, and, not speaking the English language, "prints" are not a large adjunct to the South American mails, which consist of a purely commercial character, orders for merchandise, invoices, drafts, etc., consequently the intrinsic value, bag for bag, from the bulk, is of far more importance commercially to this country than a transatlantic mail, the gross bulk of which consists largely of social letters and prints. What I would deem a fair method would be payment upon a mileage basis, and the consequent advantage accruing to the whole nation in securing a new and lucrative market for the surplus productions of our country.

I do not think it practicable to subsidize upon a basis of amount of freight, for the reason that a mail steamer should absolutely insure stated regularity at frequent periods of departures and arrivals at each port called at (the dangers and perils of the seas and navigation excepted); hence full or not full the ship should sail upon her schedule date. The cargo already shipped on board, mayhap upon the faith of schedule, may be cargo to be delivered within a given date; drafts may have been accepted or paid upon which the merchant or banker may have predicated, relying upon faith being kept as to schedule, which, if departed from, might involve bankruptcy to firms, etc. All this is against the method of payment upon a cargo basis. The steam-ship

company, if they have any knowledge of their business, will soon fill up the gap with extra tonnage (short ships) to meet the requirements of their trade.

LIST OF UNITED STATES-BRAZIL TRADE STEAMERS.

Thirteenth query: "Can you furnish me a list of foreign steamers, both tramps and those belonging to regular lines, that are engaged in the trade between the United States and Central and South America, with their size, tonnage, nationality and ordinary rates of freight, in comparison to those charged by the regularly established American lines?"

The names of the steamers—all tramps, every one of them—running on the Brazilian coast from the United States, and which make this country their headquarters, never going home to their native countries unless for repairs, etc., where they spend the earnings made by so doing, are:

English ships: *Amazonese*, built in 1869, twenty years old; *Maranhense*, built in 1880, nine years old; *Cearense*, built in 1869, twenty years old; from a so-called Red Cross Line owned in Liverpool.

English ships: *Ambrose*, built in 1869, twenty years old; *Bernard*, built in 1870, nineteen years old; *Basil*, built in 1871, eighteen years old; *Cyril*, built in 1882, seven years old; *Augustine*, built in 1865, twenty-four years old; *Jerome*, built in 1866, twenty-three years old; compose the Booth Line owned in Liverpool.

German ships: *Procida*, built in 1871, eighteen years old, been sent home for repairs, was libeled here for $30,000 for damage to cargo; *Catania*, built in 1881, nine years old; *Savona*, built in 1871, eighteen years old; *Capua* (new), built in 1889. This line is owned in Hamburg.

I desire, as emphatically as language can convey the fact, to say that the majority of foreign ships came into this trade after this company had demonstrated by perseverance and energy that in time the Brazilian trade could be diverted to this country, and this was done at a loss to this company of $237,564.98. This latter fact can be verified by this company's books.

Then these piratical, irresponsible tramps, obsolete in their own country, came in and are in now. Their ordinary rates of freight are always quoted far below current rates, otherwise they would not get cargo from the general public, except what their owners, who are nearly all merchants or dealers, would supply. (See remarks in answer to third query, applicable to this query.) These foreign crafts, which make their headquarters in this country, which do not contribute one cent. in taxes, should be rated by qualified inspectors as to their seaworthiness, and made to pay a tonnage tax of $1 per ton every time they cleared for any port other than their own country or colonies. I fear that international treaties would prevent this, but there is surely a way that our legislators can devise to help this native industry by which the whole nation will be benefited.

COST, CARGOES, AND RATES.

Fourteenth query: "Where do these 'tramp' steamers come from, and how much does it cost to run one, compared with the American steamer of the same size upon a regular line? Please state also, if possible, the amount of American goods carried to Brazil by American steamers within the last few years, and the amount carried by foreign steamers; also please state the amount of imports brought by the United States."

It would be very difficult to give you an estimate of the cost of running a "tramp;" it lies a great deal, in the writer's estimation, in what the crews will stand and do without, and how long they can chance running the old boilers and engines and stagger home for repairs.

The bulk of valuable cargo is always shipped by our lines. I could not give you an estimate of the proportion. These "tramps" are loaded, outside of their owner's goods, with flour and lard principally.

As to rates asked for by some, it is just simply what they can get.

SHIPS IN THE TRIANGULAR TRADE.

Fifteenth query: "How many foreign lines of steamers are regularly engaged in the triangular trade from Europe to Brazil, to New York, to Europe again, and how many 'tramps?' What rates of freight do they charge compared with those the Brazilian line is compelled to charge in order to survive? What subsidies, if any, do these triangular line ships receive, and what is the cost of maintaining them as compared with that of maintaining American ships?"

Answered, principally, in reply to query third. There are forty-three steamers owned by a Liverpool company engaged in the triangular route under the Belgian and English flags and subsidized by both Governments (see Exhibit B). I am unable to reply to the query as to cost of running this triangular route. The British Government give so many aids to shipping and commerce to make their burdens lighter that this country does not possess, that I find it impossible to give a competent answer, such as you require.

CONCLUSION.

In conclusion I desire to state that my statements are all facts deduced from actual daily and hourly experience, and I respectfully desire that no one in this company but the writer shall be held responsible for the various comments that I have interpolated throughout this letter. You, no doubt, can see that I feel strongly upon this matter, but however imperfectly the ideas may be expressed they are none the less true, and knowing the intense interest you have always taken and shown in this important subject, I venture to ask your advocacy on behalf of our mercantile marine. We have just the same grit, energy, and enterprise

we ever had. If Congress will bestow some attention to this matter, you will soon see the old flag once more where it once was—predominant on the ocean—and you will see a naval reserve and a fleet of unarmored cruisers grow up that will be always ready when wanted, and it will make quarrelsome nations pause before they venture giving an insult, knowing we had the means and men who would quickly resent it.

I have not given any data relating to other lines, as I deem it their duty to present their own case, as they are more familiar with the same, but the principle involved applies in a greater or lesser degree to all Americans engaged in the foreign trade. Our brothers on the Pacific Slope have a subsidized line running to the terminus of the Canadian Pacific, that, in consequence of that subsidy, is eating the very vitals of the trade they worked so hard to gain from the Orient. England's strategetic policy is rampant in her mercantile marine everywhere, but it is for her own glory and aggrandizement, and greatly at our expense and loss. What is the object of the latter subsidy paid by England? Canada had little trade with China and Japan. The object is to divert it to herself and secure a way to the East in case of war (in case the Suez Canal and Red Sea are blockaded), and to get traffic for the Canadian Pacific Railway, the very existence of which depends upon the trade she wrests from us.

On subject more, as it is not touched upon in your letter. This company at its own expense and at its initiation, sent samples of Georgia drills and jeans and Massachusetts domestics to Brazil; they were tested alongside Manchester goods. Since that time the export of these two articles is increasing month by month, and holding more than their own against English goods of the same character. You see by the diversified nature of the exports as shown in the certified copies of manifests forwarded you that we can compete successfully (or our business would cease) with any country, notwithstanding the ignorant, flatulent, and effervescing articles that are from time to time issued by a portion of our press. The inwardness of the inception of these articles is a truckling subservience to the foreign importer and foreign shipping agent for advertisement; the former's only desire being that he import, break packages, and distribute from a center, but it is a matter for congratulation that although they are persevering and loud-mouthed, they are few.

Yours, very respectfully,

J. M. LACHLAN,

General Manager United States and Brazil Mail Steam-ship Co.

EXHIBIT A.

EXPORTS BY THE BRAZIL SHIPS.

Exports to St. Thomas, W. I.; Para, Maranham, Pernambuco, Bahia, Rio de Janeiro, Santos, Paranagua, Antonina, Santa Catharina, Rio Grande do Sul, Pelotas, Porto Alegro, Brazil; Montevideo, Uruguay; Buenos Ayres, Argentine Republic.

Year.	Average amount, one ship per voyage.	Three ships, 16 trips per annum.	Increase against each preceding year.	Increase against 1885.
			Per cent.	*Per cent.*
1885	$155,000	$2,480,000	.....	.....
1886	195,000	3,120,000	26	26
1887	250,000	4,000,000	28	61
1888	310,000	4,960,000	24	100

No.	Name of State manufactured or produced in.	Average percentage.	No.	Name of State manufactured or produced in.	Average percentage.
1	California	0.05	14	Maine	0.10
2	Connecticut	7.00	15	North Carolina	0.60
3	Delaware	0.05	16	New Jersey	4.75
4	Georgia	11.40	17	New York	25.75
5	Illinois	2.00	18	Ohio	2.60
6	Iowa	0.40	19	Oregon	0.05
7	Kansas	0.25	20	Pennsylvania	20.25
8	Louisana	0.25	21	Rhode Island	2.10
9	Maryland	0.25	22	South Carolina	0.65
10	Michigan	3.00	23	Vermont	0.10
11	Massachusetts	14.00	24	Virginia	0.50
12	Minnesota	0.90	25	Wisconsin	1.75
13	Missouri	1.85			

EXHIBIT B.

THE BRITISH FOREIGN MAIL SERVICE.

In the Blue Book, 34th Report of the (British) Postmaster-General for 1888, presented to both Houses of Parliament by command of Her Majesty, Appendix G, pages 28 and 29, the following is a literal and verbatim transcript:

Australia:			
Colombo and Melbourne, Suez and Sydney, Aden and Brisbane, San Francisco and Sydney, London and Sydney and intermediate Australian ports	£1,175	0	0
Brazil River Platte and Chile:			
Bimonthly service from Southampton	£5,254	0	0
Fortnightly service from Liverpool	£11,439	0	0
Cape Good Hope and Natal contracts:			
With colonial governments			
Cape Good Hope and Natal:			
For calls at St. Helena and Ascension	£2,774	0	0
Natal parcel post	£36	0	0
East India and China	£360,000	0	0
East India and China:			
Parcel	£265,000	0	0
Post	2,075	0	0

East Coast Africa:				
Aden and Zanzibar service provided under arrangement with foreign office.				
Europe:				
Dover and Calais	£12,440	0	0	
Dover and Ostend	4,500	0	0	
Liverpool, Constantinople, and Smyrna, parcel post	11	0	0	
London to Hamburg, parcel post	141	0	0	
North America:				
Queenstown to New York	82,741	0	0	
Bermuda to New York	300	0	0	
Panama to Valparaiso	3,160	0	0	
West Indies:				
Fortnightly service	90,000	0	0	
Additional services (non-contract service)	233	0	0	
Liverpool to West Indies and Mexico	1,127	0	0	
Belize and New Orleans	1,600	0	0	
West Coast of Africa	9,369	0	0	
	853,375	0	0	
Add for Australian, etc., service now under consideration and negotiation, say	200,000	0	0	
	1,053,375	0	0 =	$5,151,003 $\frac{14}{100}$

THE SPECIAL SUBSIDIES PAID BY GREAT BRITAIN.

Besides the above, there is paid by the British admiralty a subvention to merchant steamers for state purposes. To Cunard Line for steam-ships *Umbria*, *Etruria*, and *Aurania*, 15*s*. per gross register ton per annum as long as they have mail contract from Queenstown to New York, or 20*s*. if same is withdrawn.

S. S. *Aurania*:			
Gross tonnage, 7,269 tons, at 15*s*. (with contract)	£5,451	15	0
20*s*. (without contract)	7,269	0	0
S. S. *Umbria*:			
Gross tonnage, 7,798 tons, at 15*s*. (with contract)	5,848	10	0
20*s*. (without contract)	7,798	0	0
S. S. *Etruria*:			
Gross tonnage, 7,790 tons, at 15*s*. (with contract)	5,842	0	0
20*s*. (without contract)	7,790	0	0

The Oceanic Steam Navigation Co., Ltd.

The 2 new ships of this company:			
With contract, £6,500; on 2 steamers	£13,000	0	0
Without contract, 20*s*., £8,500; two steamers	17,000	0	0

Extract from Report of the Superintendent of Foreign Mails, June 30th, 1888, page 6.

North-German Lloyd (from New York)	$174,022.89
Cunard (from New York)	88,385.17
White Star (from New York)	14,204.76
Liverpool and Great Western (from New York)	28,505.44
Anchor (from New York)	3,094.40

Hamburg-American (from New York)	$14,628.76
Inman (from New York)	1,263.44
Cunard (from Boston)	1,911.03
Thingvalla (from New York)	4.73
Steamer Cumbrian (to Africa)	.....
General Transatlantic (from New York)	25,134.53
Red Star (from New York)	18.93
Netherlands Steam Navigation Company (from New York)	3.13
Total	353,258.61

RECAPITULATION.

Total amount received by Cunard and Oceanic Steam Navigation Companies from British admiralty subvention for state purposes per annum, with contract 15s. per gross ton, and postal authorities of Great Britain and United States:

Cunard Line.

S. S. *Aurania*	£5,451 15 0		
S. S. *Umbria*	5,848 10 0		
S. S. *Etruria*	5,842 0 0		
		£17,142 5 0	=$83,825.58
Total am't rec'd from Brit. Gov't for Q'town mail to New York as per British postmaster-gen'l report (34th), say, half of £82,741 0 0		£41,370 10 0	=$202,301.75
Paid by U. S. postal authorities as per Sup't Foreign Mails Report, 1888, p. 6, annexed herewith			$88,385.17
Distance from N. Y. to Q'town, average winter and summer routes		..miles..	2,850
Both ways		...do....	5,700
52 voyages per annum		...do....	296,400
Amount per mile received in subsidy, etc., by Cunard Line		...do....	$1.26

The Oceanic Steam Navigation Co., Ld.

Total amount to be received by above co'y for 2 new steamers from British admiralty subvention for state purposes, with contract, 15s. per gross ton per annum:

2 new steamers as per copies correspondence respecting the subvention of merchant steamers for state purposes presented to both houses of Parliament by command of Her Majesty (C. 5006)	£13,000 0 0	=$63,570.00
Total amount rec'd from British Gov't for Q'town mail to New York as per British postmaster-gen'l report (34th), say, half of £82,741 0 0	41,370 10 0	=202,301.75
Paid by U. S. postal authorities as per Supt. Foreign Mails Report, 1888, page 6, annexed herewith		14,204.76
		280.076.51
Distance from N. Y. to Q'stown average winter and summer routes	...miles..	2,850
Both ways	...do....	5,700
52 voyages per annum	...do....	296,400
Amount per mile received in subsidy, etc., by above co'y		$0.94

North German Lloyd S. S. Co.

Amount paid above Co'y by U. S. postal authorities, as per supt. foreign mails, report 1888, page 6		$174,022.69
Subsidy paid by German Gov't (unknown)		.....
Query. Amt. rec'd from Brit. Govt. sea postages		.....
Inward letters (unknown)		.....
Amt. paid per mile one way by U. S. Gov't postal authorities alone		1.05
Query. What is paid by other Gov'ts?		.....
Total amt. paid by British Government in 1888 for foreign and colonial mail packet service		5,151,003.75
Total amt. paid by U. S. Gov't for the trans-Atlantic service alone to foreign steamers for 1888		353,258.61
Total amt. paid by U. S. for trans-Pacific service vessels of American register for 1888		37,302.86
For miscellaneous service—		
Vessels of American register for 1888	$49,506.19	
Less	11,733.44	
Tendered to and refused acceptance by U. S. and B. M. S. S. Co'y as inadequate		37,772.75
Total amt. paid to American ships by U. S. Gov't for 1888		75,075.61
do. do. foreign closed mails		685.38
Grand total amt. paid American ships		75,760.99
Trans-Pacific service paid by U. S. Gov't to vessels of foreign register.		5,290.27
Miscellaneous service do. do.		9,047.42
		14,337.69
Total amt. paid by U. S. Gov't to foreign ships for mails		367,596.30
For foreign closed mail service Trans-Atlantic		25,863.71
Miscellaneous do. do.		100.64
Total amt. paid by U. S. Govt. to foreign ships		393,560.65

EXHIBIT C.

ADDRESS BY WILLIAM ELEROY CURTIS AT THE BANQUET OF THE SPANISH-AMERICAN COMMERCIAL UNION, MAY 1, 1890.

Mr. PRESIDENT: I am asked to speak of our manufacturing industries. It is a mighty subject; bigger than most men suppose. Nobody knows what our forges and factories produced in 1888. We will have to wait until the census of 1890 for accurate returns, but putting this and that and the other thing together, the statisticians figure out an estimate and make the total $8,000,000,000—$8,000,000,000 worth of manufactured merchandise—to eat, to wear, to use, and to sell; and we sold but $130,000,000 outside the limits of this fair land last year.

I do not include as manufactured merchandise the products of agriculture, of which we exported $500,000,000 in 1888, nor the products of the mines, or forests, or fisheries, of which we sold some $50,000,000; but it is well that every man should know that we did not sell enough by $40,000,000 to pay for the raw material imported for the use in the production of this merchandise. I haven't the figures of England's trade in 1888, but a previous year she sold $765,000,000 worth of the same class of goods, $365,000,000 of which were cotton fabrics, $125,000,000 of iron, nearly as much of woolen, and so on

in proportion. And a great part of this export went to South America, to markets that by all natural laws should be our own, and would be, had we cultivated them as England has done.

This association, as I understand it, is intended to do that thing. It is composed of men who understand what the trouble is and seek a correction.

RECIPROCITY TREATIES.

Our sales of provisions, breadstuffs, lumber, petroleum, and some other articles might be enormously increased if we could make reciprocity treaties by which the duties upon these articles would be removed by our neighbors, so that they might be bought and used by the common people, and we remove our duties on wool and sugar from countries that make such a concession. I had the honor to be a member of a commission that discussed this subject with most of the Central and South American Governments, and all but one of them agreed to the proposition. We need direct banking facilities, too, simpler customs regulations down there, and better packing up here, but the greatest obstacle in the way of increased trade is the lack of transportation; and that can not be removed without encouragement on the part of our Government.

THE CARRYING TRADE.

The cry of "subsidy" has frightened Congress. But, Mr. Chairman, the United States is one of the most liberal nations on earth in giving subsidies. I intend no sarcasm. A subsidy, as we understand it, is pecuniary assistance to facilitate commerce, and our Congress offers it to most everything but ships. We subsidize the sheep of Ohio and the sugar cane of the South, the iron of Pennsylvania, and the lumber of Michigan. Every railroad is subsidized, every stage coach and every steamboat that plies our inland waters or skirts our coast.

Every town in which a post-office is established or a Government building erected is subsidized at the expense of the tax-payers for the convenience of commerce, but when it comes to ocean mails the practice stops. Every commercial nation but our own assists its ocean steamers, and the experience of ages has taught that it is the only way to establish lines of foreign trade.

AMERICA DISCOVERED BY A SUBSIDIZED SHIP.

Why, Mr. Chairman, America was discovered from the deck of a subsidized ship. [Laughter and applause.] A woman left her jewels with a banker of Seville to secure its payment, and a clerk in the counting-room of that banker, perhaps the very one who counted out the gold, afterward gave his name to this hemisphere. England secured her commercial supremacy by subsidy. Nor has she given her service to the lowest bidder, but to the best, and in long contracts, so that the ship-owners might know what to depend upon in the future. Some years ago an attempt was made by a rival line to get the mails away from the Cunarders by underbidding; but that British postmaster-general whose eyes were sightless, but who saw with his mind much that other men overlooked, said "No." The Cunarders had done the service satisfactorily for half a century, he said, and had built a fleet of staunch and swift ships with the expectation of a continuance, and they should keep the contract. The same policy was pursued in reference to the Royal Mail Company, whose vessels carry the mails of England to the West Indies and South American ports. The attempt of a rival company to underbid them was rebuked.

But we don't do things that way in the United States.

PAY SHOULD EQUAL THE LENGTH OF THE VOYAGE.

American steam-ships will never be fairly paid until their compensation is reckoned by the length of the voyage, instead of the number of letters carried, and we will

have few steamers until contracts are made for more than a single year. When rates of foreign postage were reduced under the treaty of Berne—under the International Postal Union—no one intended that the reduction should be made at the expense of the steam-ship owners. The interstate commerce law prohibits the railroad owners from charging as much for a short haul as for a long haul, and the compensation given to the stage-coaches in the West is measured by the distance they travel and the cost of the trips. The ocean service is the only branch of our postal system that is self-supporting, and Mr. Vilas confessed that he had to pay the boats on the rivers of the South excessive compensation in order to provide planters with facilities for reaching market.

Is there any greater wrong in affording the merchants of New York facilities for transportation to the South American ports than in furnishing the same to the merchants of Evansville, Ind., or the planters of the Chattahoochee, or the market gardeners along the Chesapeake, or the summer visitors of Buzzard's Bay and Bar Harbor? Let me cite a few illustrations. During the last year the Post-Office Department paid $44,500 for the transportation of mails on the rivers of Arkansas, and only $13,715 for the transportation of mails to Japan; $54,701 on the rivers of Washington Territory, and only $42,593 to all the Asiatic and Australian ports. We paid $79,637 for carrying the mails on the rivers of Florida, but only $47,997 for sending them to all Central and South America and to the entire West Indies, with the exception of Havana. We paid $20,879 on the Ohio River, between Paducah and Louisville; $101,566 to subsidize stage-coaches in Nevada; $239,568 in Washington Territory; $163,893 in Idaho; and $417,000 in Colorado, and but $86,890 to encourage American steamers all over the world.

SOME STRIKING COMPARISONS.

During the summer season of 1888, in order that the good people who go to Nantucket and Martha's Vineyard might get their letters regularly, the Government of the United States paid a subsidy amounting to $12,093. This for five months. During the same time it paid $4,885, a little more than one-third as much, to build up a trade with Brazil. The little steam-boat on the Androscoggin Lakes would have received a third more than the Red D Line to Venezuela had it kept going the entire year, but it stopped when the summer boarders went home, and was satisfied with a subsidy of $3,700 for four months, while the Venezuela Line got $6,000 for twelve months.

The excursion boat that plies between Watkins Glen and Geneva, N. Y., got twice as much in 1884 as the Venezuela steamers, and the ferry between Norfolk and Cape Charles got as much last year alone as the Red D Line has received in five years. The steamers of the Chesapeake Bay and its tributaries get $49,539 annually, or more than is paid to all the Central and South American lines, while the boat between Norfolk and Baltimore got $13,518, or $2,000 more than the line to Brazil. The coastwise steamers got $563,000 last year for less than 500,000 miles traveled, which is more than $1 a mile, while the steamers to South America and the West Indies traveled more than 2,000,000 miles and got less than $48,000, 2 cents and 4 mills a mile.

THE TAMPA-HAVANA SERVICE.

Previous to 1885 the Havana mails were included in the foreign service and cost $7,143. That year they were transferred to what is called the star-route service, and $58,339 is now paid to the little steamer that carries them from Tampa to Havana. This is just $214 less than is paid by the United States Government to the ships of all nations to carry mails to all the parts of this hemisphere. [Laughter and applause.] This little steamer *Mascotte*, Mr. Chairman (and she seems to be well named), for a voyage of but 188 miles receives two-thirds as much money annually as is paid to all the other American ships that float upon all the oceans of this wide, wide world. It

is the most ($86,890, $58,339) extraordinary phenomenon in the commercial history of this or any nation. Were these same terms offered to ocean steamers, the stars and stripes would not be so rare a sight in the harbors of other lands, and it is only by such encouragement from our Government that we can build up a foreign trade. [Loud applause.]

Nor are you alone interested in this question. This city has just witnessed one of the most monstrous and impressive demonstrations the world has ever seen, commemorating the end of an old and the commencement of a new epoch. But demonstrations of even greater significance than balls and banquets and marching columns and flag-covered fleets, more typical of American progress, more prophetic of future prosperity, are found in almost every village in the land. Inventive genius has so multiplied our capacity of production that one skillful hand can accomplish more than one hundred could a century ago. This is an age of miracles. No obstacle to human progress arises without a suggestion from some genius to clear it away, and a million brains will be at work again to-morrow seeking methods by which our capacity of production may be made greater still.

ATTITUDE OF THE ADMINISTRATION.

We must make less or sell more. The first alternative is impossible; the second imperative. Neither capital nor labor would permit anything else, and so we stand upon the threshold of a new century of national life with a problem as serious as that of slavery, which vexed the nation thirty years ago. And yet the solution is simple enough, and I think is understood by those upon whom the responsibility rests. I can say for the President that he knows where the trouble lies, and has the courage to correct it so far as his authority and influence can reach. It is violating no confidence to say that the expansion of American commerce on longitudinal lines is to be the feature of his administration, and Mr. Blaine and Mr. Wanamaker are entirely and heartily in sympathy with him. I think, too, that in the next House of Representatives will be found the same spirit of enterprise and justice that exists in the Senate; but everybody here who knows a Congressman should make it a business to educate him.

I expect great good from the conference of delegates from the American nations that is to assemble in October. It was my privilege to prepare and secure the passage by Congress of the bill that authorized it, in accordance with recommendations of the South American Commission. [Applause.] Right here I want to make an important suggestion. The impression is abroad in South America, and is assiduously encouraged by the many newspapers of that continent, which are under European influence, that the United States has fixed a diplomatic trap to catch its neighbors in; that Mr. Blaine has some profound political conspiracy to carry out, and the apprehensions of some of the governments have been so excited that their delegates are coming here with the spirit of resistance to everything that may be proposed. This is a serious mistake, and those of you who have correspondents in South America should correct it. There is no political purpose in this conference whatever beyond the discussion of methods of arbitration by which war may be avoided and peace preserved, and that, I take it, is one of the most important commercial topics that could be discussed.

Thanking you for the opportunity of coming here, and pledging myself to the promotion of your interests at Washington, I am, Mr. Chairman and gentlemen, your most obedient servant. [Applause.]

XVIII.

THE RED "D" LINE OF STEAMERS.

NEW YORK, *September* 25, 1889.

DEAR SIR: The Red "D" Line may be said to have been established about the year 1838, as that is the date when the first vessel was dispatched. For many years sailing vessels alone were employed. In the autumn of 1879 it was decided to substitute steam for sail and three German steamers were chartered. The first of them, the *Felicia*, 1125 tons gross, was dispatched on November 15, 1879. These boats were subsequently replaced by American steamers and the line is now composed of the following steam-ships, all specially built for the trade:

On line from New York to Curaçoa Puerto Cabello, La Guayra:		
S. S. *Valencia*	tons gross..	1,598
S. S. *Philadelphia*	do....	2,100
S. S. *Cardcas*	do....	2,600
S. S. *Venezuela* (building)	do....	3,000
On branch line between Curaçoa and Maracaibo:		
S. S. *Maracaibo*	tons gross..	1,262
S. S. *Merida*	do....	517

The steam-ships on the main line are iron, and were built by The William Cramp & Son Ship Engine Building Company, of Philadelphia, under the supervision of the American Record and British Lloyds, having the highest classification in both.

The *Maracaibo* and *Merida* are wooden steamers, built in Philadelphia—the hulls by Charles Hillman & Co., and the machinery by Neafie & Levy.

All the steamers are provided with very superior accommodations for passengers and every approved modern improvement for safety, convenience, and comfort; the latest additions to the fleet being lit by Edison's incandescent electric light.

The main line is from New York to the Island of Curaçoa, from thence to Puerto Cabello, and thence to La Guayra, Venezuela, returning over the same route. The branch line is from the Dutch Island of Curaçoa to Maracaibo, Venezuela. At Curaçoa regular connection is made with the steamers of the main line from and to New York.

Steamers leave New York every twelve days, and if the trade continues to increase and encouragement is given by our Government, the frequency of the service may be increased.

THE COST OF CONSTRUCTION AND MAINTENANCE.

It is difficult to state the difference in the cost of constructing American ships as compared with those built in Europe. There is a great difference in the style of building ships and finishing them, besides which the textile strength of American iron is greater than the English, and an American boat built according to same specifications would be stronger than an English one. Almost all boats built in this country are intended for a special trade, and it is doubtful if an English builder would construct a steamer from American plans and specifications for much less than she could be built here.

On the other hand it is very doubtful if you could get an American builder to bid on a boat to be constructed on the plan of the English "tramp."

It is estimated that the difference in cost in this country and England between strictly first-class passenger-steamers is not more than about 15 per cent., while no doubt it would be much greater in the case of the cheap freight-boat known as a "tramp."

The principal difference in cost of running the ships is due to the wages paid the officers and crew, and the cost of feeding them. Americans are not willing to work for the same wages that are paid on European steamers, nor are they willing to live in the same manner.

On the same wages paid Enropeans it would be impossible for American officers to support their families in this country. As a rule the officers and crews of American ships work harder and keep their ships in better condition than foreigners. This is especially true in regard to machinery. In this way they earn a portion of the additional wages paid them.

COMPETING LINES.

There are two regular lines of foreign steamers running from New York to ports called at by our steamers, both of which receive subsidies from their governments, namely, The Koninklijke West Indische Maildienst (Dutch) and the Compañía Transatlántica Española (Spanish).

The steam-ship lines from European ports to the ports reached by our steamers are: The French line from Marseilles, San Nazaire, and Bordeaux; the Dutch line from Amsterdam; the royal mail from Southampton; the Spanish line from Spain, Cuba. All of these receive subsidies.

In addition to the foregoing there are two English lines and one German, carrying cargo only, that are not subsidized.

COMPENSATION FOR CARRYING THE MAILS.

Compensation paid the Red "D" Line for carrying mails is as follows:

Year ending December 31, 1887	$5,849.21
Year ending December 31, 1888	6,374.66

The number of voyages per year was about thirty. Previous to 1886 the compensation paid was sea postage; since that date sea and inland postage has been allowed.

Before Venezuela joined the Postal Union the rate of postage to that country was 10 cents per half ounce. It is now 5 cents.

The advantage which steam-ships employed upon the coast and inland waters enjoy over us in mail contracts is best shown by the fact that when the mails were forwarded to Havana from New York the service was under the charge of the superintendent of foreign mails, and the total amount allowed was $6,833.06. In 1886 a change was made, and the mails have since been sent by rail to Tampa Bay, and from thence by steamers to Havana. A law having been passed by Congress which enabled the Postmaster-General to transfer this route to the steam-boat service, the Postmaster-General, after paying for the transportation by rail to Tampa Bay, contracted to pay the steamer for carrying them from there to Key West and Havana the sum of $58,000, the distance being only 183 miles, against 1,240 miles from New York.

THE COST OF CARRYING THE MAILS.

It is not practical to divide the expenses of a steamer and thus ascertain the cost of carrying the mails. With American steamers engaged in the foreign trade, the Government acts as a dead-head and practically asks them to work for nothing. We would not do the same amount of work for a private concern for anything like the miserable pittance paid us for carrying the United States mails.

The only payment made to us by any foreign Government for carrying the mails is a nominal sum allowed by Curaçoa.

Almost all goods shipped to Venezuela are on orders received from merchants of that country. The principal goods shipped are flour, corn, meal, lard, butter, kerosene, tobacco, cotton goods, wooden ware, machinery, agricultural implements, railroad and street cars, clocks, safes, glassware, furniture, and in fact almost everything that we have to export.

If our Government wants to develop the trade between this country and South and Central America and the West Indies it must do as every European country has done, which is establish and maintain regular mail communication with them. We may theorize as much as we please, but the fact remains that the countries that have the trade are those that have established regular mail communication, and if we want any share of it we must follow suit.

If our great object is to save a few dollars, then we should continue to give our mails to any tramp that may happen to be going to one of these countries, and sponge on the few American lines that are fighting against great odds; but if we want to develope our trade we must be willing to pay a fair amount for good service, and see that we get it.

I am yours, very truly,

ERNEST C. BLISS.

XIX.

THE PROPOSED NAVAL RESERVE.

In a recent report to Congress, the Hon. William C. Whitney, late Secretary of the Navy, spoke as follows:

The policy of this country has always been opposed to the establishment of large permanent naval and military organizations. This policy, for a country with a great coast-line and important commercial interests, almost necessitates the maintenance of auxiliaries in the way of naval and military reserves. The land forces have such auxiliaries in the shape of State militia or national guards. These constitute large bodies of troops, well organized and equipped, thoroughly well trained and disciplined, ready to take the field and to become a part of a regular military establishment when required.

A public feeling seems to exist for the creation of a naval reserve.

Committees of the Chambers of Commerce of New York and San Francisco have passed resolutions urging the organization of such a force as a means for providing for the coast defense and meeting the increased demands of the regular naval establishment for men and vessels upon the outbreak of war. Inquiries have also been made at the Department from cities of the Great Lakes, and meetings have been held in cities of the South indorsing the formation of such a national organization.

THE QUESTION OF COAST DEFENSE.

The Department has informed itself fully of the different systems of organization for coast defense and naval reserves at present in force in foreign countries, and is prepared to formulate a general plan for a similar organization to meet the requirements and conditions of our own institutions. It should resemble in organization that of the militia or national guard, rest upon the foundation of local interest, contemplate the employment and rapid mobilization of steamers enrolled on an auxiliary navy list, and be calculated to produce the best results upon a comparatively small national expenditure. I ask for this question the earnest consideration of Congress.

It may not be out of place as a branch of this subject to call attention to one of the incidental consequences of the policy pursued by other countries in this matter of a naval reserve. In time of war troop ships or transports are in great demand. Several European governments make an annual contribution, based on tonnage, to companies constructing new vessels. The consideration to the government is a counter agreement, permitting the government to take such a vessel for a transport in time of war upon terms named in the agreement. The government officials are also consulted as to her mode of construction, and she goes onto the naval reserve list. These payments are incidentally in the nature of a subsidy to the ship-owner, and this, with the liberal payments for government transportation of mails, etc., keeps a large fleet of merchantmen afloat as a reserve ready for a time of war. Without ships and trained seamen there can be no naval reserve.

ENGLAND'S NAVAL RESERVE.

A notable illustration of the generosity and courage with which England pushes her shipping interest is seen in the manner in which she is at this moment dealing with the trade of the North Pacific. It has been thus far principally under the American flag and contributory to San Francisco and the United States. The British Government and Canada together are proposing for the establishment of a line of first-class steamers from Vancouver to Japan. The subsidy is likely to be $300,000 annually—£45,000 from England and £15,000 from Canada. There will also be contributed from the naval reserve fund probably $5 per ton annually for each ship constructed for the route, which will increase the sum by probably $125,000. Under such competition it is quite easy to conjecture what will become of the American flag and our resources in the way of a naval reserve in the North Pacific.

RECOMMENDATION OF ADMIRAL PORTER.

David D. Porter, Admiral of the Navy, in a recent report says:

Every merchant knows that a line of American ocean steam-ships can not be maintained without subsidies from the Government. In regard to this a misapprehension prevails among the uninformed, who consider it a proposition for the Government to "foster monopolies."

Now, there is a great difference between granting a subsidy and fostering a monopoly. In the latter case, the sole power and permission to deal with a certain place or in a certain article is granted, while the case of a subsidy is simply an assistance to an enterprise from which a return is expected, and such subsidies as I have advocated should not be confined to any particular line of steamers, but should be given to all ship-owners who are willing to make their ships conform, in a prescribed degree, to the requirements of a vessel of war, said ships to be constructed under the supervision of the Secretary of the Navy.

This is what other commercial nations do, and it is only justice to the Navy and the country that we should pursue a course that will double or treble the number of our cruisers in time of war. One way of granting a subsidy would be to enact the "tonnage bill" several times brought before Congress. This bill provides that 30 cents per ton shall be allowed every vessel propelled by sail or steam and built and owned in the United States and trading with foreign countries, for every thousand miles sailed or steamed, the contract to hold good for a term of years, with such restrictions regarding the vessels as the Government shall impose.

A TONNAGE BILL THE SIMPLEST PLAN.

This would be the simplest plan for resurrecting the mercantile marine, and the Government would have at its disposal a class of vessels little inferior to the regular cruising ships of war. In fact, the chances are the steam merchant vessels would be superior in speed, which would be the chief desideratum with commerce destroyers. By a proper subsidy, such as I have indicated, many industries would be assisted, those of iron and steel, coal mining, ship-yards, canvas, boat-building, hardware, glass-making, pottery, furniture, painters, engine-builders; in short, a hundred different branches of trade which combine to make a complete vessel, industries that are now languishing for want of this very stimulus which they would enjoy but for the lack of forethought in those who should labor to advance every employment in which our citizens are engaged.

It is not so much the building proper of American steam-ships that makes them cost more than vessels constructed abroad as it is the expense of fitting them out, for there is not sufficient competition in this country to bring that kind of work down to the standard of foreign countries where labor is so much cheaper. Ships built in Great Britain cost 10 per cent. less, but when the better finish of American ships and

the superiority of our iron are considered, the statements that it would be better for us to build ships on the Clyde or Mersey are seen to be fallacious.

THE QUESTION OF FREE SHIPS.

With all these facts staring our legislators in the face, they should not hesitate a moment between the proposition to abolish the shipping laws so that vessels could be built abroad for us by British mechanics, and that to foster the industries of our own country and have our own ocean steamers constructed in the United States under the supervision of naval officers, so that the Government would have vessels of suitable character to perform the service required of them as commerce destroyers in time of war.

This argument doubtless conflicts with the theories of the free-traders of Great Britain and the United States, who require that England shall do all our carrying trade and reap the profits; but, leaving sentimentality out of the question, we will get better ships built in our own country, although the first cost may be rather more, and we shall have the satisfaction of knowing that the vessels can, if necessary, be used for naval purposes. That is what advocates for increasing our naval resources aim at in supporting the subsidy measure, for we see how little disposition there has been in this country to build up a navy adequate to its wants and dignity; but the officers of the Navy hope to see some plan adopted without delay, by which, in the event of war, they can afford the necessary protection to our own commerce and inflict damage on that of the enemy.

There is a growing feeling in the country with regard to the neglect which has been manifested in building up our ocean mercantile marine, and it is to be hoped that this feeling will spread until the thousands of unemployed workmen have a chance to earn good wages and the American ocean steamers have a fair share of the $150,000,000 annually paid to foreigners for carrying our goods.

WHAT WE HAVE PAID FOREIGN SHIP-OWNERS.

In the last eight years no less than one billion two hundred millions of dollars have been paid to foreign steam-ships, a sum almost equal to our national debt, and a burden that is only made tolerable owing to the immense resources of our country. We should be still further depleted but for the fact that we are sustained by the tariff on foreign merchandise and the protection of our manufactures, which prevents us from being undersold by foreigners and enables us to give employment to our working people, so that with all our drawbacks we grow rich.

It would be hardly fair to accuse the American people of a want of energy for failing to revive their ocean commerce when they are exhibiting so much of this quality in other directions in developing the resources of the country. It seems to be a law of nature that decadence shall overtake every nation in the course of time, but there is no instance on record of a nation giving up her position in the race for supremacy without a struggle to retrieve herself. The decadence which has afflicted our ocean carrying trade is not for want of energy on the part of our people, or for the want of laws, but perhaps from a plethora of both which has hampered those who would have labored for its revival.

While our present illiberal policy is pursued we stand no chance of ever becoming anything more than a fifth-rate power upon the ocean. If we go on at the present rate our country will lose much of the strength which it owes to the cohesion of its individual atoms, and, like a soulless machine working on at random, it will meet the fate of many other nations that have flourished for a time and then fallen by their own weight.

THE NEED OF A MERCANTILE NAVY.

Laying aside all arguments in favor of a mercantile marine, it is necessary for the assistance of the Navy in time of war. We need additional and enlarged markets for our surplus products, but foreign vessels with their subsidies are fast closing all the

channels of trade against us, and our manufacturers, who would otherwise help to supply the world, are shut off by British rivals. British steam-ships have taken possession of all the routes of trade, fostered by the British Government and protected by British guns. This is creditable to the British Government, which looks out for the interests of Englishmen all the world over, and it would seem as if the parent stock of the English-speaking race had more energy than their transatlantic offspring, for their steam mercantile marine not only monopolizes the foreign trade of the United States, but encircles the earth, for there is not a port in the world where there is a chance of finding a market for manufactured articles that a British steam-ship does not penetrate.

All that is left to us in the way of foreign commerce are the gleanings in the by-ways of trade, about which our great rivals give themselves little concern, and a few second-rate vessels may now and then be encountered trying to make a living under our flag, struggling along like the crows at Pensacola, which have to go to sea to get something to eat. That kind of commerce is of little benefit to a nation. It is necessary to move on the great thoroughfares of the ocean to have an extensive trade, and Great Britain, in recognition of this fact, pays her steam lines liberal subsidies.

SHIP-BUILDING A PLAIN MATTER OF BUSINESS.

What would ten millions a year be to this country if given by Congress to help build up our commercial marine? It would more than return the equivalent in the shape of customs dues. It would more than pay if we could retain in the United States twenty out of the one hundred and fifty millions which are yearly carried out of the country for freights without benefits to our citizens. Why should not American commerce be allowed the same opportunities that are afforded the other industries of the country, which have reached a development such as the most far-seeing never dreamed of? We are not tied down by foreign subsidized competitors on land, and therefore our progress has been marvelous, and so it would be upon the ocean if the bonds were once cut which confine our ship-builders.

ENTERPRISE OF THE FRENCH REPUBLIC.

We will take, for instance, the French merchant steam-ships of over 8,000 tons, which of late years have become a feature of transatlantic travel. These vessels were encouraged by their Government as a set-off to the British steam-ships, which it was seen could be turned into vessels of war at short notice in case of hostilities with France, just as on the late occasion the Russians, when threatened with a war with England, fitted up several large steamers in this country as commerce destroyers. France pays to these steamers $14,000 for every round trip between Havre and New York. What chance could an American line have against such a competition as that, receiving no assistance from the Government, and probably not being paid to carry the mails, which the foreigners would carry for nothing rather than an American ship should receive aid from the Government? Even giving us "free ships and free materials" would not surmount the difficulty.

After all, the amount required to subsidize a line of steamers is not so very great. Suppose the United States started to subsidize forty ocean steamers the size of those that cross the Atlantic. Putting the vessels at 8,000 tons each, and allowing 30 cents per ton for every 1,000 miles traveled, the expense would be $2,400 per 1,000 miles for the 3,000 miles, or $7,200 for the voyage, return trip the same, or $14,400 for the round trip. Assuming eight round trips a year would give $115,200 annually for each steamer, or for the whole forty vessels $4,608,000 for a grand fleet of ships worthy of this Republic, any two of which would be worth more in time of war than all the cruisers we have at present in the Navy.

Yet, $4,500,000 is no great amount for a nation to pay that has so many millions locked up in her Treasury doing no good, while every legitimate opportunity should be taken to enlarge the avenues of trade by land and sea in order that our country may fulfill the grand destiny marked out for it.

APPENDIX A TO PART II.

TRANSPORTATION FACILITIES IN 1888.

Statement showing the number and tonnage of American and foreign sailing and steam vessels entered and cleared in the foreign trade at the principal and all other customs districts from and for each island in the West Indies, from and for Mexico, and from and for each country in Central and South America during the year ending June 30, 1888.

Countries and islands.	Nationality and motive power.	Customs districts.	Entered.		Cleared.	
THE WEST INDIES.						
British:			*No.*	*Tons.*	*No.*	*Tons.*
Antigua	American sail	New York	13	4,577	7	1,918
		Philadelphia	1	328	1	485
		All other Atlantic	2	398	3	983
		All other Gulf	.....	.....	1	75
		Total American	16	5,303	12	3,461
	Foreign sail	Portland	.....	.....	1	231
		New York	6	1,679	6	1,761
		Philadelphia	1	338	.....	.....
		All other Atlantic	1	509	2	540
	Foreign steam	New York	1	882	1	987
		Total foreign	9	3,408	10	3,519
		Total Antigua	25	8,711	22	6,980
Bahama Islands	American sail	Boston	3	235	3	529
		New York	19	3,309	15	3,198
		Philadelphia	6	714	5	535
		Baltimore	69	4,922	59	4,401
		New Orleans	1	607	.....	.....
		All other Atlantic	26	3,515	29	3,252
		All other Gulf	1	264	5	193
	American steam	New York	7	11,806	1	1,696
		All other Atlantic	2	355	.....	.....
		Total American	134	25,727	117	13,804
	Foreign sail	Boston	23	15,053	.....	.....
		New York	24	5,194	23	4,094
		Philadelphia	5	2,222	3	164
		Baltimore	12	978	7	562
		All other Atlantic	26	2,373	25	2,461
		All other Gulf	44	3,023	45	2,899
	Foreign steam	Boston	3	3,145	.....	.....
		Baltimore	1	1,131	.....	.....
		All other Atlantic	.....	.....	1	72
		Total foreign	138	33,119	104	10,252
		Total Bahama Islands	272	58,846	221	24,056
Barbadoes	American sail	Portland	1	457	3	1,149
		Boston	5	3,292	11	4,411
		New York	40	9,825	51	14,317
		Philadelphia	4	2,007	6	2,880
		All other Atlantic	3	1,213	11	177
		All other Gulf	5	2,407	1	348
		Total American	58	19,201	83	27,282

***Statement showing the number and tonnage of American and foreign sailing and steam vessels entered and cleared in the foreign trade, etc.*—Continued.**

Countries and islands.	Nationality and motive power.	Customs districts.	Entered.		Cleared.	
			No.	*Tons.*	*No.*	*Tons.*
THE WEST INDIES—continued. *British*—Continued. Barbadoes—Cont'd	Foreign sail	Portland	13	6,009		
		Boston			1	68
		New York	18	8,212	12	2,888
		Philadelphia	14	8,548	2	626
		New Orleans	8	8,882		
		Galveston	7	3,731		
		All other Atlantic	47	23,584	3	478
		All other Gulf	47	35,542		
	Foreign steam	New York	1	676		
		Philadelphia	3	2,703		
		New Orleans	1	1,445		
		All other Atlantic	3	2,014		
		Total foreign	162	101,346	18	4,060
		Total Barbadoes	220	120,547	101	31,342
Bermuda	American sail	Boston	1	170	1	348
		New York	2	260	7	1,942
		All other Atlantic	7	2,409	5	1,677
	American steam	New York			1	98
		Philadelphia	1	55	1	55
		Total American	11	2,894	15	4,120
	Foreign sail	Portland	2	444	2	442
		Boston	1	150		
		New York	5	911	2	415
		Baltimore	1	239	1	239
		All other Atlantic	8	2,750	5	1,230
	Foreign steam	New York	37	44,646	41	48,704
		All other Atlantic	3	3,338		
		Total foreign	57	52,478	51	51,030
		Total Bermuda	68	55,372	66	55,150
Dominica	American sail	New York	1	380	1	131
		All other Atlantic	1	105		
		Total American	2	485	1	131
	Foreign sail	New York	1	399		
		Total Dominica	3	884	1	131
Governor's Harbor	Foreign sail	All other Gulf			1	125
Grand Cayman	American sale	Boston	2	594	2	138
		New York	1	286		
		Baltimore	1	374		
		All other Atlantic	1	449		
		All other Gulf	2	351		
		Total American	7	2,054	2	138
	Foreign sail	New York	2	347		
		Philadelphia	2	1,005		
		New Orleans			2	141
		All other Atlantic	1	344	1	87
		Total foreign	5	1,696	3	228
		Total Grand Cayman	12	3,750	5	366
Green Turtle Cay	Foreign sail	All other Atlantic	2	186	11	757
		All other Gulf			2	169
		Total Green Turtle Cay	2	186	13	926
Harbor Island	Foreign sail	Baltimore			2	168
		All other Atlantic			2	189
		Total Harbor Island			4	357

***Statement showing the number and tonnage of American and foreign sailing and steam vessels entered and cleared in the foreign trade, etc.*—Continued.**

Countries and islands.	Nationality and motive power.	Customs districts.	Entered.		Cleared.	
THE WEST INDIES—continued.						
British—Continued.			*No.*	*Tons.*	*No.*	*Tons.*
Jamaica—Continued.	American sail	Portland			3	963
		Boston	7	2,824	3	1,347
		New York	13	3,535	17	4,941
		Philadelphia	13	4,714		
		Baltimore	1	153		
		All other Atlantic	19	5,428	22	4,593
		All other Gulf	4	1,532	1	366
	American steam	Boston	6	3,552	7	4,144
		New York	5	1,445	2	538
		All other Atlantic			4	938
		Total American	68	23,183	59	17,830
	Foreign sail	Boston	5	1,226	1	278
		New York	17	6,174	8	2,043
		Philadelphia	3	1,338		
		All other Atlantic	16	2,840	6	585
		All other Gulf	2	1,281		
	Foreign steam	Boston	30	21,932	11	4,676
		New York	96	55,039	84	39,723
		Philadelphia	57	24,810	56	25,041
		Baltimore	54	11,088	47	8,599
		New Orleans	4	4,136		
		All other Atlantic	3	1,275	5	2,198
		All other Gulf	1	873	1	498
		Total foreign	288	132,012	219	83,641
		Total Jamaica	356	155,195	278	101,471
Montserrat	American sail	Boston			1	65
Ragged Island	American sail	All other Atlantic	1	429		
	Foreign sail	All other Atlantic			1	108
		Total Ragged Is'd	1	429	1	108
Redonda	Foreign sail	All other Atlantic	2	836	1	418
Saint Lucia	American sail	New York			1	259
		All other Atlantic			2	498
		Total American			3	757
	Foreign sail	New York	3	1,248		
		All other Atlantic	3	1,034		
		All other Gulf	1	580		
	Foreign steam	Philadelphia	1	1,035		
		Baltimore	1	999		
		New Orleans	5	6,989		
		All other Atlantic	1	1,300	1	676
		Total foreign	15	13,185	1	676
		Total Saint Lucia	15	13,185	4	1,433
Saint Kitts	American sail	New York	1	192	7	2,206
		Philadelphia	1	384		
		All other Atlantic	7	1,070	1	263
		All other Gulf	1	264		
		Total American	10	2,010	8	2,469
	Foreign sail	Boston	1	293		
		New York	3	807	2	611
		Philadelphia	1	298		
		All other Atlantic			2	361
	Foreign steam	New York	8	7,872	8	7,096
		Total foreign	13	9,270	12	8,068
		Total Saint Kitts	23	11,280	20	10,537
Saint Vincent	American sail	New York			7	1,165
		Baltimore			1	374
		All other Atlantic			5	1,068
		Total American			13	2,607

***Statement showing the number and tonnage of American and foreign sailing and steam vessels entered and cleared in the foreign trade, etc.*—Continued.**

Countries and island.	Nationality and motive power.	Customs districts.	Entered.		Cleared.	
THE WEST INDIES—continued.						
British—Continued.			*No.*	*Tons.*	*No.*	*Tons.*
Saint Vincent—Continued.	Foreign sail	New York	7	2,096	2	334
		All other Atlantic			1	186
		All other Gulf	1	1,050		
		Total foreign	8	3,146	3	520
		Total Saint Vincent	8	3,146	16	3,127
Trinidad	American sail	Boston	1	384	10	5,680
		New York	31	9,972	37	11,197
		Philadelphia	15	7,391	3	1,525
		Baltimore	3	1,464	2	562
		New Orleans	3	2,541		
		All other Atlantic	10	3,614	8	2,426
		All other Gulf	5	2,282	4	1,790
		Total American	68	27,348	64	23,180
	Foreign sail	Boston	6	2,761	1	622
		New York	30	14,011	14	5,950
		Philadelphia	5	2,857	2	363
		New Orleans	2	1,232		
		All other Atlantic	7	2,600	1	419
		All other Gulf	5	4,061		
	Foreign steam	New York	27	25,642	23	22,738
		Philadelphia	3	3,492		
		New Orleans	1	1,008		
		Total foreign	86	57,664	41	30,092
		Total Trinidad	154	85,012	105	53,272
Turk's Island	American sail	Portland	2	1,105	1	417
		Boston	18	7,560	6	2,545
		New York	8	2,675	3	1,361
		Philadelphia	4	2,177	2	1,145
		Baltimore	5	1,907		
		All other Atlantic	8	2,154		
		Total American	45	17,578	12	5,468
	Foreign sail	Boston	9	2,677		
		New York	3	438	1	179
		Philadelphia			1	757
		All other Atlantic	8	851		
	Foreign steam	New York	2	1,019	2	686
		Total foreign	22	4,985	4	1,622
		Total Turk's Isl'd.	67	22,563	16	7,090
		Total British West Indies	1,228	539,942	876	296,954
Danish:						
Saint Croix	American sail	New York	8	2,525		
		All other Atlantic	6	1,115	11	1,964
		Total American	14	3,640	11	1,964
	Foreign sail	New York	7	1,809	8	2,252
		Philadelphia	1	849		
		All other Atlantic	2	354	1	113
	Foreign steam	New York	3	2,877	4	4,233
		Total foreign	13	5,889	13	6,598
		Total Saint Croix	27	9,529	24	8,562
Saint Thomas	American sail	Boston			6	2,290
		New York	3	1,172	9	2,560
		Philadelphia			4	2,702
		All other Atlantic	9	3,437	8	4,212
		All other Gulf	3	1,619		
	American steam	All other Atlantic	1	477		
		Total American	16	6,705	27	11,764

***Statement showing the number and tonnage of American and foreign sailing and steam vessels entered and cleared in the foreign trade, etc.*—Continued.**

Countries and islands.	Nationality and motive power.	Customs districts.	Entered.		Cleared.	
THE WEST INDIES—continued.						
Danish—Continued.			*No.*	*Tons.*	*No.*	*Tons.*
Saint Thomas	Foreign sail	Boston	1	299		
		New York	2	1,007	5	1,246
		Philadelphia			8	5,405
		Galveston	2	1,004		
		All other Atlantic	19	8,386	3	949
		All other Gulf	8	5,466		
	Foreign steam	Philadelphia			6	5,698
		Galveston	1	1,403		
		All other Atlantic	4	4,814		
		All other Gulf	1	498		
		Total foreign	38	22,877	22	13,298
		Total St. Thomas	54	29,582	49	25,062
		Total Danish West Indies	81	39,111	73	33,624
Dutch:						
Bonaire	American sail	Portland	2	923		
		All other Atlantic	3	687		
		Total American	5	1,610		
	Foreign sail	All other Atlantic	1	249		
		Total Bonaire	6	1,859		
Curaçoa	American sail	All other Atlantic	1	477	9	2,531
		All other Gulf	1	362		
	American steam	New York	18	23,053		
		Total American	20	23,892	9	2,531
	Foreign sail	New York	7	3,251	11	3,772
		All other Atlantic	3	1,403	3	1,022
		Total foreign	10	4,654	14	4,794
		Total Curaçoa	30	28,546	23	7,325
St. Martin's	American sail	Boston	5	1,791		
		New York	1	421		
		Total American	6	2,212		
	Foreign sail	Boston	3	1,008		
		New York	7	1,823	6	936
		Total foreign	10	2,831	6	936
		Total St. Martin's	16	5,043	6	936
		Total Dutch West Indies	52	35,448	29	8,261
French:						
Guadeloupe	American sail	New York	11	1,935	40	7,720
		Baltimore	1	485	1	485
		All other Atlantic	2	516	8	2,574
		Total American	14	2,936	49	10,779
	Foreign sail	New York			8	1,874
		All other Atlantic	1	678		
	Foreign steam	New York			2	1,663
		Total foreign	1	678	10	3,537
		Total Guadeloupe	15	3,614	59	14,316
Martinique	American sail	Portland			14	6,003
		New York	7	1,316	17	5,141
		All other Atlantic	5	1,662	20	6,551
		All other Gulf	2	758	1	330
		Total American	14	3,736	52	18,025

***Statement showing the number and tonnage of American and foreign sailing and steam vessels entered and cleared in the foreign trade, etc.*—Continued.**

Countries and islands.	Nationality and motive power.	Customs districts.	Entered.		Cleared.	
THE WEST INDIES—continued.						
French—Continued.			*No.*	*Tons.*	*No.*	*Tons.*
Martinique—Cont'd.	Foreign sail	Portland			1	249
		Boston			2	433
		New York	1	690	9	2,663
		All other Atlantic	11	5,048	6	1,522
		All other Gulf	2	887		
	Foreign steam	New York			1	835
		Philadelphia			7	8,607
		Baltimore	1	1,480		
		New Orleans	2	2,815		
		Galveston	1	1,345		
		All other Atlantic	1	1,109	1	278
		Total foreign	19	13,374	27	14,587
		Total Martinique	33	17,110	79	32,612
		Total French West Indies	48	20,724	138	46,928
Hayti	American sail	Boston	28	7,184	10	2,514
		New York	60	13,922	46	9,480
		Philadelphia	9	2,410		
		All other Atlantic	4	1,061	26	5,257
		All other Gulf			1	324
	American steam	Boston	8	6,240		
		New York	10	12,588	21	21,126
		Total American	120	43,405	104	38,701
	Foreign sail	Boston	17	4,741	9	2,580
		New York	19	4,615	18	4,787
		Philadelphia	3	681		
		All other Atlantic	3	835	3	798
	Foreign steam	Boston	6	3,600		
		New York	34	31,476	53	49,316
		Philadelphia	1	627	1	1,068
		All other Atlantic			1	120
		Total foreign	83	46,575	85	58,669
		Total Hayti	203	89,980	189	97,370
San Domingo	American sail	Boston	3	760	1	313
		New York	23	5,227	9	2,029
		All other Atlantic	2	638	3	758
	American steam	New York	6	5,300	2	1,532
		Total American	34	11,925	15	4,632
	Foreign sail	Boston	2	348		
		New York	25	5,935	12	2,605
		Philadelphia			1	379
		All other Atlantic	1	178	1	178
	Foreign steam	Boston			1	380
		New York	5	1,715	3	1,066
		All other Atlantic	1	743		
		Total foreign	34	8,919	18	4,608
		Total San Domingo	68	20,844	33	9,240
Spanish:						
Cuba	American sail	Portland	12	5,858	18	8,363
		Boston	82	40,789	48	23,383
		New York	222	98,314	140	63,357
		Philadelphia	219	101,232	168	79,297
		Baltimore	3	823	23	12,102
		Galveston			3	1,046
		All other Atlantic	31	6,673	59	20,105
		All other Gulf	43	8,879	66	17,693
	American steam	Boston	1	348		
		New York	92	151,891	86	143,355
		Philadelphia	2	2,308	1	1,445
		New Orleans	1	910		
		Galveston			1	2,237
		All other Atlantic			3	1,870
		All other Gulf	165	113,181	165	112,986
		Total American	873	531,206	781	487,239

***Statement showing the number and tonnage of American and foreign sailing and steam vessels entered and cleared in the foreign trade, etc.*—Continued.**

Countries and islands.	Nationality and motive power.	Customs districts.	Entered.		Cleared.	
WEST INDIES—continued.						
Spanish—Continued.			*No.*	*Tons.*	*No.*	*Tons.*
Cuba—Continued....	Foreign sail.....	Boston.....	29	10,788	7	3,104
		New York.....	71	34,787	12	4,218
		Philadelphia.....	29	13,195	11	4,040
		Baltimore.....	.....	.....	4	1,842
		New Orleans.....	22	14,840	1	1,423
		All other Atlantic...	37	13,951	6	2,071
		All other Gulf.....	15	6,675	11	2,060
	Foreign steam....	Boston.....	73	47,543	43	17,431
		New York.....	186	147,481	144	98,437
		Philadelphia.....	70	81,842	41	48,061
		Baltimore.....	9	10,095	15	16,073
		New Orleans.....	13	19,808	.....	.....
		Galveston.....	4	4,263	4	5,156
		All other Atlantic...	13	20,484	7	6,534
		All other Gulf.....	2	1,940	1	1,000
		Total foreign....	573	427,692	307	211,450
		Total Cuba.....	1,446	958,898	1,088	698,689
Porto Rico.....	American sail.....	Portland.....	8	2,388	9	2,580
		Boston.....	40	13,204	2	646
		New York.....	45	10,606	52	14,513
		Philadelphia.....	12	4,328	1	500
		Baltimore.....	.....	.....	2	849
		All other Atlantic...	10	2,475	13	4,186
		All other Gulf.....	2	820	2	667
	American steam..	Portland.....	1	863	.....	.....
		Boston.....	1	863	.....	.....
		New York.....	.....	.....	2	1,726
		Total American..	119	35,547	83	25,667
	Foreign sail.....	Portland.....	10	2,421	2	345
		Boston.....	43	9,318	1	178
		New York.....	10	2,521	8	1,725
		Philadelphia.....	2	645	1	293
		All other Atlantic...	10	2,307	7	2,401
	Foreign steam....	Boston.....	12	10,453	1	1,000
		New York.....	17	15,092	25	19,005
		Philadelphia.....	5	4,494	.....	.....
		Baltimore.....	1	1,167	.....	.....
		All other Atlantic...	2	1,610	.....	.....
		Total foreign....	112	50,028	45	24,947
		Total Porto Rico..	231	85,575	128	50,614
		Total Spanish West Indies...	1,948	1,155,297	1,438	855,913
		Total West Indies.	3,357	1,790,522	2,554	1,241,680
MEXICO, CENTRAL AND SOUTH AMERICA ON THE ATLANTIC.						
Mexico on the Gulf.....	American sail....	Boston.....	2	773	2	533
		New York.....	50	16,849	22	7,523
		Philadelphia.....	1	200	.....	.....
		New Orleans.....	22	3,033	13	2,229
		Galveston.....	3	124	8	2,224
		All other Atlantic...	.....	.....	7	1,912
		All other Gulf.....	46	6,806	59	9,124
	American steam..	New York.....	27	36,989	38	52,880
		New Orleans.....	1	537	.....	.....
		Galveston.....	11	8,448	12	8,985
		All other Atlantic...	.....	.....	1	1,470
		All other Gulf.....	1	99	1	99
		Total American..	164	73,858	163	86,979
	Foreign sail.....	Boston.....	1	446	.....	.....
		New York.....	18	5,817	11	2,902
		Philadelphia.....	1	233	.....	.....
		New Orleans.....	10	1,984	9	1,411
	Foreign sail.....	Galveston.....	4	1,204	.....	.....
		All other Atlantic...	.....	.....	1	284
		All other Gulf.....	14	7,371	5	1,402

Statement showing the number and tonnage of American and foreign sailing and steam vessels entered and cleared in the foreign trade, etc.—Continued.

Countries and islands.	Nationality and motive power.	Customs districts.	Entered.		Cleared.	
			No.	*Tons.*	*No.*	*Tons.*
MEXICO, ETC.—continued.						
Mexico on the Gulf—Continued.	Foreign steam	Boston	1	966		
		New York	31	27,287	18	16,293
		New Orleans	2	2,073	1	1,028
		Galveston			1	988
		All other Atlantic	1	738	5	3,924
		All other Gulf	2	1,000		
		Total foreign	85	49,119	51	28,232
		Total Mexico on the Gulf	249	122,977	214	115,211
British Honduras	American sail	New York	3	492	4	656
		New Orleans	1	108		
		All other Gulf			2	127
	American steam	New Orleans	1	266	2	532
		Total American	5	866	8	1,315
	Foreign sail	All other Gulf			1	40
	Foreign steam	New York	3	3,108	10	10,130
		Total foreign	3	3,108	11	10,170
		Total British Honduras	8	3,974	19	11,485
Guatemala on the Caribbean Sea.	American steam	New Orleans	5	3,480		
	Foreign steam	New Orleans	2	1,468		
		Total Guatemala on the Caribbean Sea	7	4,948		
Honduras on the Caribbean Sea.	American sail	New York	1	164	1	138
		New Orleans	12	1,842	10	1,458
		All other Gulf	13	963	12	908
	American steam	New Orleans	64	25,261	69	29,135
		Total American	90	28,230	92	31,639
	Foreign sail	New York	2	396	1	198
		New Orleans	38	3,383	35	3,061
		All other Gulf	13	758	10	544
	Foreign steam	New York	1	408	2	1,142
		New Orleans	85	44,127	87	45,613
		All other Gulf	3	675	3	675
		Total foreign	142	49,747	138	51,253
		Total Honduras on the Caribbean Sea	232	77,977	230	82,892
Nicaragua on the Caribbean Sea.	American sail	New York			1	144
		Philadelphia			1	9
		Baltimore	1	146		
		All other Gulf	1	146	5	674
	American steam	New Orleans	20	13,223	24	15,123
		Total American	22	13,515	31	15,950
	Foreign sail	New Orleans	1	99	2	219
	Foreign steam	New York	5	2,577	7	5,326
		Philadelphia	6	2,544	5	2,115
		New Orleans	7	2,037	9	2,619
		Total foreign	19	7,257	23	10,279
		Total Nicaragua on the Caribbean Sea	41	20,772	54	26,229
Costa Rica on the Caribbean Sea.	American sail	All other Gulf	1	169	2	415
	American steam	New Orleans	6	3,456	6	3,456
		Total American	7	3,625	8	3,871

Statement showing the number and tonnage of American and foreign sailing and steam vessels entered and cleared in the foreign trade, etc.—Continued.

Countries and islands.	Nationality and motive power.	Customs districts.	Entered.		Cleared.	
MEXICO, ETC.—continued.			*No.*	*Tons.*	*No.*	*Tons.*
Costa Rica on the Caribbean Sea—Continued.	Foreign steam	New York	19	19,422	15	14,652
		Philadelphia	1	538	1	538
		New Orleans	15	9,503	15	8,199
		Galveston	1	1,187		
		All other Atlantic	1	883		
		Total foreign	37	31,633	31	23,389
		Total Costa Rica on the Caribbean Sea	44	35,158	39	27,260
United States of Colombia on the Caribbean Sea.	American sail	Boston			13	6,693
		New York	32	6,077	26	4,800
		Philadelphia	2	262	3	656
		Baltimore	6	874	12	4,658
		New Orleans	2	2,324	1	1,173
		All other Atlantic	1	535	5	2,690
		All other Gulf	26	11,849	19	8,078
	American steam	New York	36	72,769	39	77,817
		Philadelphia	1	631	1	631
		New Orleans	10	6,542	10	6,513
		All other Gulf	1	136		
		Total American	117	101,999	129	113,709
	Foreign sail	Boston			2	655
		New York	12	2,549	13	3,066
		Baltimore			3	835
		New Orleans	3	2,794		
		All other Atlantic	4	2,580	1	822
		All other Gulf	8	6,669	1	379
	Foreign steam	Boston	2	1,868		
		New York	27	28,144	32	34,624
		Philadelphia	3	2,064	4	2,746
		Baltimore			3	3,109
		New Orleans	24	22,280	8	4,700
		Galveston	1	1,611		
		All other Atlantic	4	4,505	24	20,083
		All other Gulf	5	5,214	3	1,8 8
		Total foreign	93	80,278	94	72,897
		Total Colombia on the Caribbean	210	182,277	223	186,606
Venezuela	American sail	Boston	3	777		
		New York	3	459	5	1,784
		Baltimore	10	3,423		
		All other Atlantic	1	286	1	163
	American steam	New York	12	16,152	31	40,108
		Total American	29	21,097	37	42,055
	Foreign sail	Boston	1	144		
		New York	9	3,112	4	1,121
		Galveston	1	164		
		All other Atlantic	2	668	1	338
	Foreign steam	New York	8	4,491	8	4,711
		Total foreign	21	8,579	13	6,170
		Total Venezuela	50	29,676	50	48,225
British Guiana	American sail	Portland			1	431
		Boston	4	1,891	8	4,659
		New York	19	6,259	37	13,331
		Philadelphia	6	2,662		
		Baltimore			13	5,417
British Guiana	American sail	All other Atlantic	2	665	18	5,388
		All other Gulf	2	876		
		Total American	33	12,353	77	29,226
	Foreign sail	Boston	7	2,952	1	203
		New York	12	3,883	21	5,938
		Philadelphia	21	12,848	3	866
		All other Atlantic	15	6,509	1	182
		All other Gulf	11	6,497	2	486

***Statement showing the number and tonnage of American and foreign sailing and steam vessels entered and cleared in the foreign trade, etc.*—Codtinued.**

Countries and islands.	Nationality and motive power.	Customs districts.	Entered.		Cleared.	
			No.	*Tons.*	*No.*	*Tons.*
MEXICO, ETC.—continued.						
British Guiana—Cont'd..	Foreign steam...	New York.....	7	6,585	3	1,179
		Philadelphia.....	2	1,432	.....	.....
		Baltimore.....	1	1,106	.....	.....
		New Orleans.....	1	715	.....	.....
		Total foreign.....	77	42,527	31	8,854
		Total British Guiana.....	110	54,880	108	38,080
Dutch Guiana.....	American sail.....	Boston.....	6	2,553	8	3,432
		New York.....	1	262	1	262
		All other Atlantic...	.....	.....	1	259
		Total American...	7	2,815	10	3,953
	Foreign sail.....	New York.....	3	565	3	774
		Total Dutch Guiana.....	10	3,380	13	4,727
French Guiana	American sail.....	Boston.....	.....	.....	5	912
		New York.....	1	189	8	1,340
		Philadelphia.....	4	933	.....	.....
		Total American...	5	1,122	13	2,252
	Foreign sail	Boston.....	1	146	3	491
		New York	1	176	2	335
		All other Gulf	1	281	.....	.....
		Total foreign	3	603	5	826
		Total French Guiana	8	1,725	18	3,078
Brazil.....	American sail	Portland.....	.....	.....	1	579
		Boston.....	1	455	1	842
		New York	27	13,705	16	9,337
		Baltimore.....	26	12,868	39	19,229
		All other Atlantic ...	2	645	2	2,255
	American steam ..	New York.....	15	30,135	.....	.....
		All other Atlantic...	.....	.....	16	31,339
		Total American ..	71	57,808	75	63,581
	Foreign sail.....	Boston.....	19	5,605	1	215
		New York	165	64,807	56	18,871
		Philadelphia.....	22	11,414	2	581
		Baltimore.....	2	542	5	1,569
		New Orleans	21	25,162	.....	.....
		Galveston	6	2,243	.....	.....
		All other Atlantic ...	85	42,831	39	16,949
		All other Gulf	78	68,111	10	6,817
	Foreign steam	New York.....	89	98,248	22	18,207
		Baltimore.....	.....	.....	16	20,519
		New Orleans	10	13,022	.....	.....
		Total foreign	497	331,985	151	83,728
		Total Brazil	568	389,793	226	147,309
Uruguay	American sail	Portland.....	.....	.....	1	634
		Boston.....	1	538	4	2,628
		New York	5	3,612	1	1,230
		Philadelphia.....	1	705	.....	.....
		Baltimore.....	2	2,636	.....	.....
		All other Atlantic...	.....	.....	1	440
		Total American ..	9	7,491	7	4,932
	Foreign sail	Portland.....	2	1,477	.....	.....
		Boston	6	2,365	9	7,249
		New York	22	14,402	29	13,985
		Philadelphia.....	7	5,654	.....	.....
		Baltimore.....	1	374	.....	.....
		New Orleans	16	15,153	.....	.....
		Galveston	2	1,078	.....	.....
		All other Atlantic...	18	13,470	7	3,466
		All other Gulf.....	54	48,326	22	17,884

Statement showing the number and tonnage of American and foreign sailing and steam vessels entered and cleared in the foreign trade, etc.—Continued.

Countries and islands.	Nationality and motive power.	Customs districts.	Entered.		Cleared.	
MEXICO, ETC.—continued.			*No.*	*Tons.*	*No.*	*Tons.*
Uruguay—Continued	Foreign steam	Pacific ports			1	1,017
		New York			1	851
		New Orleans	1	1,645		
		All other Gulf	1	1,898		
		Total foreign	130	105,842	69	44,452
		Uruguay	139	113,333	76	49,384
Argentine Republic	American sail	Portland	1	876	23	14,251
		Boston	25	14,104	6	3,533
		New York	10	7,772	24	14,279
		Philadelphia	1	1,050		
		Baltimore	1	1,443		
		All other Atlantic	1	567	6	3,784
		All other Gulf	1	955	6	5,829
		Pacific ports			1	1,443
		Total American	40	26,767	66	43,119
	Foreign sail	Portland	7	6,635	34	27,133
		Boston	12	7,703	18	14,726
		New York	30	20,223	57	33,965
		Philadelphia	7	3,902		
		New Orleans	10	7,935		
		Galveston	4	2,247		
		All other Atlantic	73	44,591	61	35,071
		All other Gulf	106	76,196	79	61,225
	Foreign steam	New York	4	4,730	1	1,276
		All other Gulf			3	3,201
		Total foreign	253	174,162	253	177,517
		Total Argentine Republic	293	200,929	319	250,636
MEXICO, CENTRAL AND SOUTH AMERICA ON THE PACIFIC.						
Mexico on the Pacific	American sail	Puget Sound	2	2,864	1	666
		Humboldt	5	1,101	6	1,273
		San Francisco	6	1,175	6	732
		San Diego	41	2,447	38	728
		Paso del Norte	1	136	1	236
	American steam	San Francisco	8	5,416	12	6,664
		San Diego	146	17,751	143	18,265
		Paso del Norte	3	708	2	472
		Total American	212	31,598	209	29,036
	Foreign sail	Puget Sound			1	604
		Willamette	2	2,411		
		Humboldt	1	249	1	249
		San Francisco	7	2,608	6	3,860
		Wilmington, Cal	1	9		
	Foreign steam	San Francisco	1	580	4	2,308
		San Diego	23	20,470	23	20,470
		Total foreign	35	26,327	35	27,491
		Total Mexico on the Pacific	247	57,925	244	56,527
Guatemala on the Pacific	American sail	San Francisco			1	231
	American steam	San Francisco	1	747	2	1,494
		San Diego	3	2,240	1	747
		Total Guatemala on the Pacific	4	2,987	4	2,472
San Salvador	American sail	New York			1	384
Nicaragua on the Pacific	Foreign sail	Wilmington, Cal			1	511
		San Diego			1	604
		New York			2	1,080
		Total Nicaragua on the Pacific			4	2,195

Statement showing the number and tonnage of American and foreign sailing and steam vessels entered and cleared in the foreign trade, etc.—Continued.

Countries and islands.	Nationality and motive power.	Customs districts.	Entered.		Cleared.	
			No.	*Tons.*	*No.*	*Tons.*
MEXICO, ETC.—continued.						
Costa Rica on the Pacific.	American sail	San Francisco	1	234		
	Foreign sail	San Diego			1	643
		Total Costa Rica on the Pacific	1	234	1	643
United States of Colombia on the Pacific.	American sail	Humboldt			1	296
		San Francisco			1	196
	American steam	San Francisco	34	58,152	36	61,834
		Total American	34	58,152	38	62,328
	Foreign sail	Puget Sound	1	1,045		
		Willamette	1	1,798		
		San Francisco			2	595
	Foreign steam	San Francisco	7	9,735	4	5,555
		Total foreign	9	12,578	6	6,150
		Total Colombia on the Pacific	43	70,730	44	68,478
Ecuador	American sail	San Francisco	1	125	1	189
		New York			1	887
		Total American	1	125	2	1,076
	Foreign sail	New York	3	1,115		
		Pearl River			2	1,894
		Total foreign	3	1,115	2	1,894
		Total Ecuador	4	1,240	4	2,970
Peru	American sail	Puget Sound	2	2,592		
		New York			4	3,150
		Total American	2	2,592	4	3,150
	Foreign sail	Puget Sound	2	1,916	3	3,990
		Williamette			1	984
		Humboldt			1	218
		San Francisco			3	2,431
		New York			3	2,595
		Total foreign	2	1,916	11	10,218
		Total Peru	4	4,508	15	13,368
Chili	American sail	Puget Sound	1	81		
		San Francisco			2	4,070
		Boston	5	4,869	6	5,202
		New York	16	14,890	11	8,306
		Philadelphia	4	3,388		
		Baltimore	1	837		
		All other Atlantic	2	1,329		
	American steam	San Francisco	1	1,713		
		Total American	30	27,107	19	17,580
Chili—Continued	Foreign sail	Puget Sound	1	568	12	10,680
		Willamette	1	1,488	1	1,230
		Oregon	2	2,890	2	1,573
		San Francisco	8	7,077	7	11,909
		Wilmington, Cal			9	13,595
		San Diego			12	15,152
		Boston	2	1,006		
		New York	19	19,548	4	3,483
		Philadelphia	1	747		
		Baltimore	3	2,318		
		All other Atlantic	2	1,253		
	Foreign steam	San Francisco			2	2,906
		Total foreign	39	36,895	49	60,528
		Total Chili	69	64,002	68	78,108

APPENDIX B TO PART II.

REPORT OF HOUSE COMMITTEE ON SHIPPING.

I submit as an appendix a very able report on the steam-ship question, made to the House of Representatives on February 12, 1884, by the honorable Mr. Hunt, of Louisiana:

[To accompany bill H. R. 4987.]

The Committee on American Ship-building and Ship-owning Interests, to whom was referred the bill (H. R. 3963) for the encouragement of the American merchant marine, respectfully submit the following report:

The bill recommended by the committee provides for ocean mail service between the United States and foreign countries.

Under section 3976 of the Revised Statutes of the United States, American vessels engaged in the foreign trade are compelled to carry the mails. These vessels may be detained for such length of time as suits the Post-Office Department, and are obliged to deliver the mails to the foreign port to which they may be bound and to the Post-Office itself, and for this service the Post-Office is to pay the vessels the utterly inadequate sum of 2 cents a letter. The instances are stated to be numerous where American vessels have been detained by the Postmaster-General and have been constrained to receive the mails and to deliver them when the pay received for carrying did not actually reimburse them for the detention and cartage of the letters at the port of destination. In the case of the Pacific Mail Steam-ship Company, it is stated that while their ships are obliged to carry the mails the company have paid out more money to effect delivery at the post-office in the city of Aspinwall than they obtained for mail service from the United States the whole way from New York to Aspinwall.

The committee consider that such a condition of things should not be allowed to continue. Where the Post-Office Department desires mails to be carried along our coasts, and where American vessels are under the protection of the navigation acts, the Government can not seize a vessel and compel her to carry the mails, but must enter into contracts and pay a fair price in the premises. The Department made some time ago a contract with a small steamer, running from Galveston to Brashear, and paid the steamer $50,000 a year. This is five times as much as is paid all American vessels for carrying the mails of the United States for the entire period of one year to every port in South America, and exceeds by about $10,000 the whole amount paid all American vessels engaged in the foreign mail service. At the present time Government pays for the carriage of the mails from Cedar Keys to Key West, Fla., $31,000.

It is submitted that there is no reason why the Post-Office Department should exercise the power referred to over vessels in the foreign trade when it has none at all given to it to control similarly railway trains, or stage coaches, or vessels on the

lakes or the rivers of the country, or going coastwise. The compensation of the principal railway routes is from $375 to $1,155 per mile per annum, and that of the routes of smaller importance from $45 to $350 per mile per annum. Of the entire thousand of railroad routes it is safe to say only two or three hundred earn the compensation paid by Government, and it is likewise true that in the great majority of cases postage on the mails thus carried falls very far short of reimbursing the Government for the cost of service over them.

The bill reported is designed to favor and establish a better policy in regard to American steam-ship lines in the foreign trade. It proceeds upon the acknowledged fact of the decline in American shipping, and has for its aim the restoration of it. The passage of the bill would undoubtedly tend to the revival of American ship-building and ship-owning interests. It would enlarge and invigorate American commerce with foreign countries, and, it is hoped, set the flag on the seas once more.

To these ends, affecting as they do national prosperity, national character, and national independence itself on the ocean, the bill reported does away with the unjust discrimination which now exists between foreign mail service and the home service. It is submitted, as has been already observed, that there is no just ground for the discrimination to stand upon, and it deserves to be here added that, in point of fact, throughout the very thorough examination to which the matter has been subjected, *none at all has ever been suggested.*

Nor are the provisions of the bill obnoxious to the charge that they establish a subsidy for the payment of ocean postage, in the proper or, at least, the general understanding of the term. On the contrary, instead of being extraordinary, the pay provided for by the bill will be found to be only ordinary, and in fair proportion to the services to be rendered. Lest the Government should be induced into undue liberality and mere gratuities, the bill provides for advertising all contracts for the carriage of the mails, for their adjudication to the lowest bidder, and for the exacting of responsible security for the fulfillment of the contract. The bill, then, is one to give just compensation for services to be rendered. It is one to unify the policy of the Government regarding the carriage of mail matter on the ocean to foreign countries, and that coastwise and on the land, to reduce the whole to one system, to assimilate the different parts of it, and to put all substantially on the same footing.

Nobody, as has been noted, is to be found who will venture to assail the policy whereby remuneration is made for mail service on the inland routes of the United States. Nobody contends against that policy on the assumption that it involves the subsidizing of the routes. The public must be and are satisfied if, on the whole, they are found to be self-sustaining. In the foreign mail service, on the contrary, the Government, by charging 5 cents per half-ounce on the letters, and paying steamers 2 cents per letter only, makes a clear profit of from $400,000 to $600,000 a year. The collection of this sum is kept up notwithstanding payments, as already shown, of far larger sums per mile than the bill proposes to give for weekly, fortnightly, and monthly mails within our own territory, when it is undeniably true that these mails contain fewer letters than the foreign-going steamers would, and are attended by none of the incidental advantages to commerce, manufactures, and navigation which, at this time of the world, unquestionably form the chief value of lines of communication by steam with foreign countries.

The bill provides that in no event shall the contract price exceed $1 a nautical mile out and back; that is to say, out of abundant caution, it provides a limitation not to be found in any other branch of the postal service. Again, the bill requires that the aggregate of the contracts made in pursuance of it shall not exceed gross revenues of the Post-Office Department from the foreign mail service less the amount paid for transportation of the mails on foreign vessels and the net amount paid foreign administration for intermediary, territorial, and sea transit of such mails.

There is authority for the remarkable statement that, if this restriction were applied to and extended inland, there would be no mail at all in four-fifths of the States of the Union. At this time over $600,000 more than are received are required to supply

mails in the great State of Ohio; and the States are very few where the mail service does not cost the country a great deal more than is derived in return.

Notwithstanding the premises, however, the committee have adopted the limitations on expenditures in behalf of foreign ocean postal service which appear in the act, so that the amount to be paid for the service referred to shall not exceed a certain amount; that is to say, the gross revenue diminished, as already set forth. It is believed that the sum so reached will be an available aggregate, during the term of one year, of, say, $1,700,000. At the same time it deserves to be expressly noted that unless the present American ocean-going postal service should be doubled only half this amount would be actually expended.

But, as the Post-Office Department might, if there were no further provision, be embarrassed in the case of a refusal to conclude a postal contract or in case of impossibility to form one, the bill, in view of section 4203 of the Revised Statutes, providing for compulsory process against an American vessel, has coupled, by a provision additional to those already explained, this right of compulsion with the further provision that it shall have application where mails are to be conveyed from the United States to foreign destinations in the event only that the Postmaster-General shall find it inexpedient or impracticable to contract for their conveyance under the limitations of the act.

So far the report of the committee follows the bill. There are, however, considerations of public good and general policy with which the report is naturally connected, and which, in the judgment of the committee, merit the best consideration of the House and the country. For a number of years these have been discussed and insisted upon by committees preceding the present one, and which have anticipated the labor which must otherwise have devolved upon us. Last in point of time is the report made the first session of the Forty-seventh Congress by Mr. Money, of Mississippi, from the Committee on the Post-Office and Post-Roads. This report, taking notice, as it does, of those which have gone before, and distinguished as it is for accuracy of information and ability, is here reproduced for the general assistance it affords in examining into, and correctly judging of, the ocean mail service, and likewise for the powerful vindication justly deducible from the argument it contains in favor of the bill unanimously reported by us.

The report made by Mr. Money has been amended only by bringing down the statistics to as late a date as practicable. It proceeds as follows:

* * * * * * *

"When your committee considers the great questions properly related to this measure and in some degree to be affected by it, the question of the carrying trade, of a commercial marine as a nursery for both the personnel and material of a war marine, of not only commercial independence but national honor and national safety, of our territorial isolation and consequent absolute dependence in future wars (which must come to any independent nation) upon our Navy, both for protection and offensive warfare; in short, of all the far-reaching consequences in our industrial, financial, and political future, of a wise and liberal development of our commerce and the restoration of our fighting Navy, and with it the commanding attitude we will assume among the nations of the earth, then your committee hesitate, impressed with the vastness of the field, discouraged by the able and exhaustive efforts in this sphere of the most powerful and patriotic of our predecessors, and diffident of our ability to present any new thought or experience that would influence you in the consideration of this measure. The greatest difficulty we find is to compress in the brief limits of a report the valuable information, reflection, and experiment, the result of former labors upon this great question. Indeed, there can be nothing new of idea, but we can select from a great cloud of witnesses the testimony of some of the wisest, most sagacious, and patriotic statesmen who have ever identified themselves with the legislation of our country. We may profit too by the example of other nations, and more particularly by the remarkable experience of that nation from whom we are proud to

derive our origin, whose consummate wisdom has illustrated a career on land and sea the most resplendent in human annals.

"The melancholy story of our commercial decline your committee will not here repeat. The glorious rivalry for supremacy in 1840 and the abject dependency in 1882 is a sharp contrast, so humiliating that a recital to this House could only be justified for the purpose of amendment and correction of the policy which permitted it. From the beginning of this century for nearly fifty years our commercial progress was a miracle of energy and success. We had outstripped all competitors but Great Britain, and had excited her profoundest fears. We not only carried the bulk of our own trade, but every water was vexed by the swift keels of American clippers, contesting the carrying trade of the world with the "mistress of the seas." The starry flag of the young Republic saluted every sky which knew the red cross of St. George. The British newspapers sounded the alarm; the British Parliament went to work through its committees; every tax was removed, every incumbrance was lifted; the building of war vessels was given three-fourths to private ship-yards; heavy subsidies were given, and increased as competition demanded; opportunely the practicability of steam ocean navigation was demonstrated by America; England had the iron and coal in lucky juxtaposition; the iron steamer was constructed and England again enjoyed an undisputed supremacy. Your committee are fully aware that a reasonable compensation for ocean mail service will not *alone* rehabilitate our dilapidated commerce, but it will begin the movement; and we believe its effects will be immediate and powerful, and if followed by wise legislation, urgently called for by the plainest principles of political economy and self-preservation, will re-establish our Republic as one of the greatest maritime powers of the globe. Something must be done to regain our carrying trade, paying now $100,000,000 per annum to foreign ships, to keep this vast sum at home; about this there is no difference; the dispute is about methods. If we can accomplish this and at the same time revive the industry of ship-building, so essential to our national glory and existence, develop our iron and coal mines and utilize our forests, employ the labor of our own citizens and train skilled workmen and artisans, sailors, and officers, then let us hasten to take the first step towards so glorious a result and not despise even a small beginning of a good work. Every nation of the earth that pretends to commerce has heavily subsidized ocean mail lines. They know that direct, regular, and swift communication begins and fosters trade, and without it commerce languishes and dies. This is the experience of the world, and is ours the only nation of the earth that shall fail to learn from it? As England has been the leading nation in commerce and the pioneer in postal affairs, we present a condensed statement of her treatment of ocean mails. Her expenditure for railway and ocean mails, according to reports of the British postmaster-general, was:

Years.	Railway mail.	Ocean mail.	Years.	Railway mail.	Ocean mail.
1857	£422, 943	£826, 697	1871	£595, 221	£1, 047, 044
1858	545, 073	935, 883	1872	619, 000	928, 000
1859	428, 647	948, 038	1873	644, 000	945, 000
1860	490, 223	869, 952	1874	650, 000	916, 000
1861	655, 046	940, 657	1875*	667, 000	836, 000
1862	526, 966	821, 067	1876	684, 000	780, 000
1863	538, 512	837, 655	1877	692, 000	679, 000
1864	565, 852	900, 610	1878	.....	566, 712
1865	528, 220	796, 399	1879	.....	641, 656
1866	586, 085	817, 467	1880	.....	665, 446
1867	559, 575	783, 845	1881	.....	517, 494
1868	578, 927	777, 097	1882	.....	504, 705
1869	583, 596	1, 056, 798	1883	.....	517, 494
1870	587, 296	968, 494	1884	.....	.....

* Not received at Post-Office Department to March 5, 1884.

"The British Government in the year 1867 contracted with the Peninsular and Oriental Steam Navigation Company for twelve years' service, at the price of £400,000 per annum, the Government agreeing that when the fund accruing for dividend in any one year should fall below the amount required for a 6 per cent. dividend the subsidy should be increased by the amount of the deficiency, provided in no case was the Government to pay more than £500,000 per annum; if the sum rises above the sum required for 8 per cent., then the Government to receive one-fourth the excess. The Postmaster-General explains this heavy subsidy in this language: 'The increase of expense of this service will be considerable, but, looking at the *great competition* to which the Peninsular and Oriental Company is now exposed by its passenger trade, not only by the French line of steam vessels, but also by the large number of military officers and other Government passengers now carried by the steam transports lately built by the admiralty, I am of the opinion that the terms of the new contract are as favorable as could be expected.' In 1870 the pay was fixed at £450,000. In 1867 the contract with the Royal Mail Steam Packet Company was about to expire. The company sustained great losses by reason of hurricanes and earthquakes at St. Thomas. The Government renewed the contract for five years, for the reason given by the Postmaster-General, as follows: 'Unwilling at such a moment to *invite competition* or withhold a concession without which the company might have succumbed to its losses, the late government, after much consideration, renewed the contracts, in the case of the West India service for five years, and in the case of the Brazil service for four years.' The two contracts were for more than $1,000,000 per annum. That is the way Great Britain builds up her great ocean lines and carries her commerce to every mart. In 1862 the Government gave the Cape of Good Hope line $25,000 in premiums for running *under time*. Having thoroughly established her lines to the United States in 1877, Great Britain paid only ocean postage, but when it was represented that that pay was not sufficient, the Government almost doubled the pay to the Cunard, Inman, and White Star Companies. Last year Great Britain paid nearly $3,500,000 to ocean mail lines.

"Great Britain, in 1839, gave the Cunard line $425,000; that not being sufficient, the pay was increased in 1840 to $550,000. Cunard failed to run his ships profitably at that pay, and then his pay was advanced to $725,000. He increased the size of his ships in 1852, and his pay was raised to $855,000 per annum.

"In 1846 Great Britain paid the line of steamers from Southampton, via Jamaica, across the Isthmus of Panama and down to Valparaiso $1,500,000 per annum.

"England's way has been crowned with a wonderful success. The opponents of this measure have said we can not expend as much money as England has done and will. We need not spend as much, but it is shameful to retire from the field. When England succeeds, these croakers say let us abandon the contest and surrender our carrying trade; but when Stevens beat with the America the British yachts at Cowes, that yacht race was made the subject of investigation by the House of Commons. National pride should be a factor in this problem.

"American ships are compelled to carry our mails whether they wish to or not, but we never compel a steam-boat, railway, or stage-coach to carry them at all, and when they do, they are well paid; so are the steam-ship lines in our waters. The law upon ocean mail transportation is as follows:

"'The master of any vessel of the United States, bound from any port therein to any foreign port, or from any foreign port to any port in the United States, shall, before clearance, receive on board and securely convey all such mails as the Post-Office Department, or any diplomatic or consular agent abroad, shall offer; and he shall promptly deliver the same, at the port of destination, to the proper officer, for which he shall receive *two cents* for every letter so delivered; and upon the entry of every such vessel returning from any foreign port, the master thereof shall make oath that he has promptly delivered all the mail placed on board said vessel before clearance from the United States; and if he fail to make such oath, the vessel shall not be entitled to the privileges of a vessel of the United States.'—(Revised Statutes, section 3976.)

"The following table will show how this law operates against the American ship engaged in the foreign trade:

Mail services from the United States to foreign countries for fiscal year ended June 30, 1883, by vessels of American lines.

Lines and service.	Nautical miles of service one way.*	Amount of mail pay.
American line: Philadelphia to Queenstown	100,008	$3,006.37
Pacifi Mail Line: New York to Aspinwall, San Francisco to Panama, San Francisco to Yokohama, San Francisco to Hawaii, San Francisco to Australia and New Zealand	308,622	21,559.34
New York, Havana, and Mexican Mail Line:		
New York to Cuba, Porto Rico, and Mexico	117,300	2,078.41
New Orleans to Vera Cruz, Mexico	10,120	640.55
United States and Brazil Mail Line: Newport News to Rio de Janeiro	46,800	1,222.46
New York and Cuba Mail Line: New York to Cuba, Porto Rico, and Bahamas	85,800	2,850.31
Red "D" Line: New York to Venezuela and Curaçao	41,800	893.19
Morgan Line: New Orleans to Cuba and Mexico, Key West to Cuba, Galveston to Mexico	47,488	700.82
Clyde Line: New York to Hayti, San Domingo, and Turk's Islands	27,600	351.34
Nassau Mail Line: New York to Bahamas and Cuba	18,000	310.90
British Honduras Mail Packet Line: New Orleans to Belize, Republic of Honduras, and Guatemala	68,000	378.77
Oteré's Pioneer Line: New Orleans to Republic of Honduras	38,000	34.44
California and Mexican Line: San Francisco to Mexico	27,600	358.44
Various lines: San Francisco to Hawaii	.....	279.76
Steamer Chase: New Orleans to Mexico	1,840	10.60
Various lines: Key West to Cuba	.....	30.23
Pacific Coast Line: San Francisco to Victoria, British Columbia	33,540	387.64
Oregon R. R. and Navigation Co.: Port Townsend, Wash. Ter., to Victoria, British Columbia	420	949.30
Steamer Emmett: Eastport, Me., to Campobello, New Brunswick	.....	19.37
Boston, Halifax, and Prince Edward Island Line: Boston to Halifax, Nova Scotia	23,000	52.56
Nova Scotia Line: Boston to Yarmouth, Nova Scotia	28,400	224.82
Total	1,024,338	43,339.53

*The outward mails only being paid for, the distance one way only is here given.

"Contrast with this showing the following, which gives the amount paid annually to five lines which carry the mails in the coasting trade:

Lines.	No. ships.	Miles traveled.	Mail pay.
Cedar Keys to Key West, Fla	.....	48,880	$31,000
San Francisco to Portland, Oregon	.....	69,680	22,000
Port Townsend to Sitka	.....	16,020	16,000
Portland to Astoria	.....	54,880	5,000
Total	.....	189,460	74,000

"France subsidizes as follows:

	France.
Line to China, Japan, and India	8,573,024
Line to South America	3,644,000
Line to Mediterranean	4,382,263
Line to Mediterranean	375,000
Line to West Indies and Mexico	3,953,257
Line to the United States	2,361,348
Line to English Channel	100,000
Total annual pay	23,388,892
	$4,677,778

"In addition, France has a bounty for ship-building and running:

"'There will be paid for all steam and sailing vessels launched after the passage of this bill, excepting fishing-vessels, yachts, and steamers now receiving a subsidy, as follows:

"'Thirty cents per ton for every mile run, to be reduced each year, as follows:

"'One and a half cents per ton for wooden vessels.

"'One and a half cents per ton for composite vessels.

"'One cent per ton for iron vessels.

"'The vessels to be used by the Government in case of war; and the above premium to be increased 15 per cent. where designs are submitted to and approved by the navy department.

"'Where materials are imported for the construction of vessels, there will be allowed to ship-builders, in place of the duties paid upon materials—

For every registered ton of iron or steel	$12
For wooden vessels of over 200 tons	4
For composite vessels	8
For wooden vessels under 200 tons	2

"'For all the pumps, machinery, etc., required, $2.40 for every 220 pounds. All vessels transformed to increased tonnage after the passage of this bill will be allowed the same premium as for new vessels on the increased tonnage.'

"To illustrate this new French bounty law, apply it to a 3,000-ton iron ship. The bounty would be—

On building:	
Weight of iron in hull, 1,800 tons, at $12	$21,600
Weight of machinery, 500 tons, at $24.43	12,615
	34,215

"Then there is allowed 30 cents per ton for every 1,000 miles run, after being put in service, for first year, diminishing 1 cent per mile each year thereafter.

"Presuming the above 3,000-ton steamer makes ten trips from Havre to New York per annum, or 60,000 miles, this gives for first year's service as follows:

3,000 tons, at 30 cents = $90 × 60 = $54,000.
And second year's service..... 52,000.

"This will expire entirely at the end of thirty years.

"Adding the bounty and the allowance per mile, the law would grant the 3,000-ton ship the first year $89,015. The French Government for this requires in return the carrying of its mails, and the right to use the ships in case of war, taking them at a fair valuation.

"Bismarck, the most extraordinary genius of this age, speaking of the French law with the keen criticism of a rival power, said it would 'create for France a powerful navy which may prove of effective service in time of war,' and 'the merchant marine is the handmaid of all other industries, of agriculture and commerce. On the day when the freight trade is given over to foreigners a mortal blow will be given to all the industries of the country. These enterprises can not dispense with Government aid, and this has always been afforded in a productive manner as soon as it was a question of paving the way for our traffic in distant markets. England has given the example of using mail steamers as the pioneers for the creation or expansion of commercial relations. It is deserving of serious consideration whether under the circumstances German shipping and commerce can hope for further prosperous development as against the competition of other nations aided by public funds and assistance.'

"Italy subsidizes annually $3,228,811; Brazil, $1,700,000; Japan, $500,000. The two feeble colonies of New Zealand and New South Wales are now paying the Australia and San Francisco line $450,000 per annum; of this we are greatly the beneficiaries, the

balance of trade with those colonies being nearly $4,650,000 in our favor. Can it be that all other nations are mistaken in the policy of paying fair compensation for ocean mail carriage, and that we only are right? The results show the contrary.* But the present policy has not always been held by us; our policy has been at other times either more sagacious, more patriotic, more just, or more liberal than now. A Democratic administration, backed by the ablest men of all parties, once dealt fairly and liberally with our ocean mail carriers. Successive committees of both Houses have recommended this measure in substance; Presidents have recommended it in their messages, and Postmaster-Generals in their reports; commercial and industrial bodies in their conventions have declared the true policy of the Government. They have given no uncertain sound. The speeches of the great statesmen of the past come down to us, if not with solemn authority at least with persuasive power, urging us to take this among other means to re-establish our commerce upon the ocean, from which it is disappearing, before efforts wisely and persistently supported by foreign powers.

"In his celebrated report on commerce Mr. Jefferson wisely said: 'Our navigation involves still higher consideration; as a branch of industry it is valuable, but as a resource of defense it is essential. The position and circumstances of the United States leave them nothing to fear from their land-board, and nothing to desire beyond their present rights. But on the sea-board they are open to injury, and they have then, too, a commerce which must be protected. This can only be done by possessing a respectable body of citizen seamen and artists and establishments in readiness for ship-building. If particular nations grasp at undue shares of our commerce, and more especially if they seize on the means of the United States to convert them into aliment for their own strength and withdraw them entirely from the support of those to whom they belong, defensive and protecting measures become necessary on the part of the nation whose marine resources are thus invaded, or it will be disarmed of its defense, its productions will be at the mercy of the nation which has possessed itself exclusively of the means of carrying them, and its politics may be influenced by those who command its commerce. *The carriage of our own commodities, if once established in another channel, can not be resumed in the moment we desire.*

"'*If we lose the seamen and artists whom it now employs, we lose the present means of marine defense, and time will be requisite to raise up others, when disgrace or losses shall bring home to our feelings the evils of having abandoned them.*'

"The Committee on Post-Office and Post-Roads in their report said:

"'The British Government contracts with its lines of steam-ships, and pays them large subsidies for carrying its mails, while the United States compels its ships to carry its mails, and will not allow a ship its clearance papers until she has the United States mail on board, and then allows her only the ocean postage of two cents on a letter, which is a dead loss to the ship.

"'The stage-wagons carrying the inland mails receive an average of $28 per mile of route per annum. The steamers on the river and along the coasts receive an average of $43.50 per mile per annum.

"'The railroads receive an average of $131 per mile per annum, while the more important roads receive $538, $897, $922, $979, $1,155 per mile of road per annum; and, on the vast majority of these, the postage would not pay the cost. On only a few hundred of the 9,900 routes would the carrier consent to do the work for the postage, yet the merchant vessels are compelled to carry the mail for the ocean postage, which in a very few cases will amount to as much as $1 per mile per annum. A company sending a magnificent and costly vessel over a stormy ocean for 3,000 or 4,000 miles receives less for carrying the mail than a stage-coach running on an unimportant inland route.'

"The losses sustained by the United States by the decay of American shipping is

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*Appendix "A" is added, being a report by Consul Crain, of Milan, on the history and extent of subsidies granted to ocean steam-ships by various countries.

thus briefly and clearly stated by the New York Chamber of Commerce, January 16 1882:

"'*To the Chamber of Commerce:*

"'Your committee, appointed to take into consideration the subject of 'American Shipping' engaged in foreign trade, for the purpose of recommending such legislation as would tend to its revival and improvement, respectfully report:

"'That the actual state of American shipping, and its tendency to a still more abject condition, seems to be admitted by all persons and parties, and your committee is cheered to find an almost unanimous *desire* that, by some process and action, it *shall* be revived. And, further, without entering upon the specific remedy, it seems to be admitted on all sides that the remedy is only to be found in some kind of legislative action by the Congress of the United States. Your committee incline to add to this legislation by the States in addition. In listening to the various opposing opinions and sentiments which have been brought before them, your committee have been struck with the much more extended nature of the evils which arise from a loss of our mercantile marine than would occur to one who has not studied and pondered on the subject. They would briefly enumerate some of the principal ones, for the best remedies will be those which correct all or the most of these, and it is quite certain that some of the proposed remedies will not affect or correct them fully. We will classify these as *direct* and *consequential*, as follows:

"'DIRECT.

"'1. The loss to the country of the freights earned by the vessels, now estimated as the proportion actually paid to foreign vessels, at least to the sum of $100,000,000 per annum.

"'2. The loss to the country of the industry of building and repairing the additional tonnage that may be required for this carrying trade.

"'3. The loss to the nation of its naval militia, which its mercantile marine should constitute.

"'4. The loss of an important and valuable commission business, and the large trade and industries of ship-chandlers, sailmakers, shipsmiths, and numerous articles used in the construction and running of vessels.

"'INDIRECT OR CONSEQUENTIAL.

"'1. The loss of ship-building establishments, which, with the gradual withdrawal of orders, languish and are finally closed, and thus even the proper facilities for permanent repairs be lost, and in time of war leaving us crippled and helpless, until such establishments could be created; and likewise the loss of the educated ship-builders attached to such establishments.

"'2. The loss of educated seamen. That this is now taking place can not be doubted, and that it will continue and increase cannot be denied. American boys will not see the same attraction and inducement to ship under foreign flags, where the life, regulations, laws, and punishments are all foreign, and without appeal to his own authorities.

"'3. The loss of educated managers of ships and lines of vessels. A moment's reflection will show that it is an educated talent to be able to efficiently man, equip, and manage vessels. One who understands the business would make a line a success, under the same conditions that another equally honest but without experience would fail under.

"'4. The loss of a very important amount of insurances, not only on the vessels and freights, but also on cargoes frequently purchased by the owners to supply freights when markets are dull, the insurances on which generally are effected at the home port of the vessel.

"'It will thus be seen that the mere holding of vessels by American capitalists will not alone meet the requirements of the case.

"'It is claimed by all parties and denied by no one that, in addition to the difference in the first cost of vessels in their construction and of the running expenses, such as cheaper wages, provisions, and insurance, American ship-owners are burdened with certain existing laws and regulations not exacted or required in other countries, and hence that, even if the cost could be equalized, the expenses attendant on the laws, &c., referred to would render the effort to compete useless.'

"The New York Tariff Convention of November 30, 1881, passed resolutions, from which we quote:

"'Our Government should treat American mail-carriers on the sea, going to foreign ports, exactly as it does its mail-carriers on the land, making no distinction between a ship in the foreign trade and a railroad car or a coast steamer. Our foreign carrying trade should be built up through the adoption, by our Government, of a policy similar to that by which Great Britain and other European Governments have built up their merchant marine—a policy broad, comprehensive, and equitable, such a policy as will induce the investment of capital in ships built in American ship-yards and by American labor. This convention urges upon Congress the importance of taking immediately such wise legislative action as this great national interest demands to bring it again to that position which is due to it and the nation itself.'

"The National Tariff Convention, held at Chicago, November 15, 1881, adopted resolutions on the upbuilding of our commercial marine, from which we quote the following:

"'2. The United States should make American vessels the carriers of American mails at rates proportionate to the value of the service performed without regard to the rates at which foreign vessels subsidized by their own Governments may be willing to carry them. [Applause.] 3. The United States should regard an American commercial marine as a basis of an American Navy and an integral element of our American nationality, and should so discriminate in favor of American vessels, especially of those which are striving to extend American trade to new countries, as would secure to them a fair and lucrative share of the world's carrying trade proportionate to the dignity and power of the country in other respects.'

"The national convention of ship-owning and other commercial bodies, held at Boston, October, 1880, passed the following resolution:

"'That the Government assist in the establishment and maintenance of American lines of steam-ships built and owned in the United States, from our own ports to important foreign ports, by the payment of proper sums of money for the transportation of mails to such lines as will render the most effective service; and without which substantial aid such lines, so important to the progress and prosperity of the nation, cannot exist in competition with the subsidized steam fleets of other countries.'

"'The enlightened policy by which rapid communication with the various distant parts of the globe is established by means of American-built sea-steamers, would find an ample reward in the increase of commerce and in making our country and its resources more favorably known abroad; but the national advantage is still greater—of having our naval officers made familiar with steam navigation, and of having the privilege of taking the ships already equipped for immediate service at a moment's notice—and will be cheaply purchased by the compensation to be paid for the transportation of the mail in them, over and above the postages received.' (President Polk's annual message, December 7, 1847.)

"'Our farmers and planters, under a more just and liberal commercial policy, are finding new and profitable markets abroad for their augmented products.

"'The contracts for the transportation of the mail in steam-ships convertible into war steamers promise to realize all the benefits of our commerce and to the Navy which were anticipated. The first steamer thus secured to the Government was

launched in January, 1847. There are now seven, and in another year there will probably be not less than seventeen afloat. While this great national advantage is secured our social and commercial intercourse is increased and promoted with Germany, Great Britain, and other parts of Europe.' (President Polk's annual message, December 5, 1848.)

"General Grant recommended this measure in his annual messages of 1870 and 1871.

"'Nothing is clearer than that it is for the interest of this Government to employ American in preference to foreign steamers for the conveyance of our mails, if they can be secured on the terms authorized by law; but whether this may be done is a matter of doubt.' (Aaron V. Brown, Postmaster-General's report, December 4, 1855.)

"'As regards the superiority of the English ocean conveyance, so long as they are enabled by large subsidies to keep vessels of great speed regularly in the service the year round, they will continue, as heretofore, to carry much the largest part of the mails, and will of course continue to realize a correspondingly large proportion of the sea postage.' (J. Holt, December 1, 1860.)

"Mr. Cresswell also recommended it.

"'In the absence of a direct mail service to Brazil, all correspondence for that country and adjacent South American States has to take the circuitous route via England and thence by British mail packets to Rio de Janeiro, thus involving very serious delays.

"'The maintenance of one or more lines of direct mail steam-ship communication with Brazil is very important to our postal and commercial interests. While there exists, at present, no regular line of mail steamers plying between this country and Brazil, I am credibly informed there are as many as ten lines of direct steamers—English, German, and French—plying regularly between European and South American ports.

"'The fact that but one line of steam-ships carrying our flag is employed in conveying the United States mails across the Atlantic, and none whatever to South America, is humiliating to the just pride of every American citizen.

"'As a matter of national pride, as an aid to the revival of American commerce, and as a means of supplying an efficient steam marine, available for immediate use by the Government in case of war, provision should be made for the transportation of our mails on important ocean routes in steam-ships officered and manned by our own citizens and sailing under our own flag.

"'It is believed that the payment of a moderate mail compensation, in excess of the postages now allowed under the provision of the general law, would enable our citizens to establish and maintain steam-ship lines across the Atlantic and to South American ports, which would prove remunerative to the proprietors and promote the general prosperity of the country. A reasonable allowance for a line to the west coast of South America would assure regular mail communication by American steamers with our sister republics on that coast, and a moderate mail compensation for a line to Japan and China will doubtless continue the mail service to those countries in American ships after the termination of the existing subsidy contract, which will expire on the 31st of December, 1876. I think it safe to say that the sum of $500,000 per annum, now granted as a subsidy to the Japan and China line for a single monthly service on that route, would, in addition to the postages on the mails conveyed, be quite sufficient, judiciously apportioned between the respective routes, to maintain an efficient mail service, by steamers sailing under our flag, on all the important ocean routes which should be occupied by lines of American steamers.' (Marshal Jewell, Postmaster-General, November 15, 1875.)

"Senator Bayard, debating the subsidy to the Collins line in 1852, said:

"'I am willing to trust American skill and industry in competition with any people on the globe, when they stand nation to nation, without Government interference. But if the treasury of a foreign nation is poured into the lap of individuals for the purpose of destroying the interests of my country, or for building up a commercial

marine at the expense of the commerce and prosperity of the United States, I, for one, will count no cost in countervailing such governmental action on the part of Great Britain or any foreign power.

"'It has been objected that these grants create a monopoly. * * * If the argument be true, I ask you if it does not apply to the transportation of your mails by land. * * * Then the whole Government action is a series of monopolies as regards the 'Post-Office service.'

"He then argued that it was not monopoly, but American competition against British monopoly.

"'Will you adopt a policy which will place the entire transportation of your mails under their (British) control; which will put into their hands the transportation of passengers; which will lay a tax on American citizens for the advancement of British commerce, their freights, etc.? Such may be the judgment of the honorable Senator, but it is not mine, and I trust it will not be that of the American Senate.

"'The mail-service in this and in all countries *on land* is a Government duty, and with all great maritime nations which have the power to control that service on the ocean, it is as much a Government duty, where their maritime interests are concerned, where their extensive commerce is concerned, as is on land the proper transportation of correspondence. The mail-service with foreign countries, on any principle that I can appreciate, is as much a governmental duty, and demands as much the expenditure and the attention of the Government as transportation of correspondence in the interior of the country.'

"Mr. Badger, of North Carolina, on Collins subsidy, said the question was one of 'controlling importance;' it is a 'mighty, peaceful, and important contest between the United States and Great Britain for supremacy;' and that 'the question whether we would voluntarily surrender that which, to obtain and perpetuate, Great Britain would, without hesitation, sacrifice one hundred times the amount of money involved.' * * *

"'I do not believe that money is devoted to its proper purpose by being hoarded. I do not believe that money expended to advance the honor, promote the interests, to maintain the supremacy, of my own country, is ever otherwise than well and effectually bestowed, bringing that return which nations should consider as the highest and best—the improvement of the condition of their people, the elevation of the character of the whole; for with regard to nations the reputation of strength is strength.'

"Lewis Cass, in 1852, on the Collins subsidy, said, in the United States Senate:

"'Well, sir, it is a question of protection—of high and important and holy protection—in the best sense of the term; the protection of our country, of our expatriated seamen, of our commerce, of our interests, of our honor, of our soil, of all that gives dignity and character to nations; protection against defeat, disgrace, and dishonor.

"'This kind of protection to our commerce is as effectual as the protection afforded by expensive naval armaments.'

"Humphrey Marshall, of Kentucky, in 1852, said he would vote for a subsidy to a line of mail steamers to 'maintain a nursery for our Navy,' and 'to maintain a competition with the British lines.'

"Senator Jones, of Tennessee (Collins subsidy):

"'I should regard it as a national misfortune if the enterprise should fail. * * * I am willing to vote large and liberal allowance.'

"Senator Shields spoke strongly in favor of the subsidy and said it was 'impossible for American private enterprise to succeed against private British enterprise, backed by the money and energy of the British Government.'

"Senator Bell, of Tennessee, spoke in favor of the subsidy, and said, 'I feel that the honor of the country is concerned in it and * * * that the national spirit is kept alive by it.'

"Mr. Hale, of New Hampshire, spoke and voted in favor of it.

THOMAS BUTLER KING'S REPORT, HOUSE OF REPRESENTATIVES, TWENTY-NINTH CONGRESS, FIRST SESSION, 1846.

"'Within seven years after the first steamer crossed the Atlantic Great Britain had more than two hundred war steamers.

"'If not compatible with our institutions or interests to keep a large Navy it is important to devise some way, by small outlay, to prepare ourselves for the contingency of war.

"'If asked why Great Britain has thus taken the lead of us in ocean steam navigation, while we are so greatly superior in domestic steamers and sailing ships, the answer is that she has anticipated us *through the extension of her mail system to foreign countries*, in combination with her naval arrangements, thus rendering it almost impossible for private enterprise to enter into competition with her.'

"The House had already passed a bill to establish a line of four steamers from New York to Bremen.

MR. SOULÉ'S REPORT TO SENATE, FIRST SESSION THIRTY-FIRST CONGRESS, 1850, FROM COMMITTEE ON POST-OFFICES AND POST-ROADS.

"'The committee believe that the fostering care of the Government may be extended to these great interests (agriculture and manufactures) by judicious and well-regulated arrangements through the Post-Office Department * * * by which present and future means of maritime defense are increased and encouraged.'

RUSK'S REPORT TO THE SENATE FROM THE COMMITTEE ON POST-OFFICES AND POST-ROADS, THIRTY-FIRST CONGRESS, FIRST SESSION, 1850.

"'The importance of steam mail service when considered with reference to the convenience which it affords to the social intercourse of the country is as nothing when compared with its vast bearing upon the commerce of the world. Wherever facilities of rapid travel exist trade will be found with its attendant wealth. * * * The commercial history of Great Britain has shown that mail facilities have uniformly gone hand in hand with the extension of trade. * * * With a view to this we have seen England increasing her steam marine at enormous expense and sustaining packet lines connecting with every quarter of the globe, even in cases where any *immediate* and direct remuneration was out of the question.

"'To construct ships and keep them in our navy-yards, subject to the injuries of time and casualties, does not consist with the notions of the American people on the score of economy. Nor is it in accordance with the received opinions in regard to the propriety of placing excessive patronage in the hands of the Federal Government.

"'At the same time it is in perfect unison with the spirit of our free institutions that the arts of peace shall be made tributary to the purposes of defense, and that the same energies which extend the commerce and manufactures of our country shall, in the event of necessity, be capable of being made use of for our protection.

"'We have the example of the most powerful maritime nation in the world to guide us in the matter.'

REPORT OF MR. RUSK, FROM THE COMMITTEE ON POST-OFFICES AND POST-ROADS, THIRTY-SECOND CONGRESS, FIRST SESSION, 1852.

"'Your committee seems to have understood at the outset that, regarding the ocean mail-service as the offspring of the wants of all the producing classes of the country they have not felt at liberty to consider the propositions which have been presented to them in any other point of view than as connected with and subservient to the general policy of the Government, which embraces alike every section of the country.

"'The commercial interests of the country were entirely at the mercy of British steamers. * * * It became necessary to choose whether American commerce

should be tributary to British maritime supremacy or an American medium of communication should be established by the intervention of the Federal Government.

"'It had been found impossible for our merchants to continue successfully, single-handed, against the joint efforts of the British Government and British commercial influence.

"'Under the circumstances above stated it was impossible for Congress to hesitate for a moment which course to pursue, and it was determined to adopt a policy which, while it would be in strict accord with the spirit of our free institutions, should place the country in its proper attitude and render its commerce and postal arrangements independent of all foreign or rival agencies.

"'The American line from New York via New Orleans to Chagres, under subsidy, drove out the British line which had previously plied our southern coast.

"'This important subject is a matter of great national concern, independent of the very secondary motive of individual interest.

"'These ocean mail facilities should exist through the intervention of the Government, more especially as they were, in all probability, beyond the reach of private means.

"'The transportation of ocean mails with the greatest possible advantage to the important interests of the country at large is an object of paramount importance.

"'Merely as a matter of dollars and cents the service in question should be liberally sustained by Congress and will in the end make ample returns.

"'But your committee regard this proposition as one the mere money features of which are of minor consequence when brought into comparison with other more important considerations.

"'The question is no longer whether certain individuals should be saved from loss or enabled to make fortunes, but whether the American shall succumb to the British lines and Great Britain be permitted to monopolize ocean steam-navigation not only between Europe and America but throughout the world.'

"The committee regard 'the existence and rapid extension of the system of ocean mail steam navigation as absolutely essential to the dignity and prosperity of the country.'

"'In any future struggle for superiority on the ocean the contest will be decided by steam. England realizes this and acts accordingly; to rival her power and prosperity we must rival her energy and her activity.'

"MR. WARD'S REPORT—SENATE, 1859, THIRTY-FIFTH CONGRESS, SECOND SESSION.

"The Government of Mexico had contracted with Carlos Butterfield for a line of steamers from New Orleans to Mexican ports at $120,000 per annum for ten years. The committee thought the increase of duties on increase of commerce would pay the subsidy.

"A letter from the Postmaster-General, Aaron V. Brown, to the committee says: 'Frequency, certainty, and regularity of intercourse between countries are the great life-springs of commerce.' The trade can be secured in 'no other way so well as by the increase of commercial and postal facilities.'

"MR. WOOD'S REPORT, 1859.

"In the second session of the Thirty-fifth Congress, 1859, Mr. Wood, from the Committee on the Post-Office and Post-Roads, reported a bill to advance bonds for two-thirds of the value of ocean steamers to carry the mail, and gave besides $2 per mile traveled—aid having been given to the Howard and Aspinwall steamers to San Francisco, the Law steamers to Chagres, the Collins steamers to Liverpool, and the Bremen and Havre lines, the Government having advanced $25,000 per month on each steamer until they were finished, deducting the advance annually from the whole term of the contract.

"He declared these steamers but the continuation of the railroads, the great arteries

of trade to the shores of Europe. The whole country was interested, he said, in this truly national line of steamers.

"MR. WELLS'S REPORT, 1871, FORTY-FIRST CONGRESS, THIRD SESSION.

"Mr. Wells, from the Select Committee on the Cause of the Reduction of American Tonnage, made a report, and, as a remedy, recommended the 'granting of Government aid by way of postages on mails and by subsidies, so as to insure the establishment of American ocean lines of steamers to foreign ports, thus securing to our people the profits of the trade so created.'

"He said 'the establishment of a line of steamers from New Orleans to Mexican ports would vastly increase our commerce and cultivate friendly political relations.' The British policy of mail subsidies he calls a 'judicious system.' 'So long as the policy of government aid is pursued by Great Britain and France no successful competition can be maintained here unless our Government, equally generous, will place our business interest on such a footing that we can combat for the supremacy, or at least for a fair division.'

"Mexico, in 1859, gave $120,000 per annum subsidy for ten years, but we did not respond. In 1870 she gave a New Orleans line $750 per trip, and we did not second that.

"'No people on earth, as well as those of the United States, understand so fully the vast wealth developed and created by railroad lines. The analogy is perfect as to ocean routes. They are the railroads of the ocean, making the world pay tribute to us, and creating vast markets for our products and manufactures. We give millions to the one; shall we hesitate at a few thousands for the other?'

"The way to avail ourselves of our proximity to Central and South America is to substitute our own steamers for the wealthy lines of European countries.

"The transfer of our carrying trade to foreign bottoms is, in the opinion of the committee, to be attributed mainly 'in the great development of the English and French steam commercial marine, more especially in American waters, a development which has been stimulated and is sustained by a liberal system of subsidy.'

"The aggregate subsidy paid by European governments to steam mail lines to America was then (1871) $4,500,000 per annum.

"MR. COLE'S REPORT TO SENATE FROM COMMITTEE ON POST-OFFICES AND POST-ROADS, FORTY-SECOND CONGRESS, SECOND SESSION, 1872, ON BILL AUTHORIZING AN INCREASE OF OCEAN UNITED STATES MAIL STEAM-SHIP SERVICE BETWEEN SAN FRANCISCO AND CHINA.

"'By refusing to help our own lines of steam-ships we are helping to maintain those which will drive our few remaining lines from the ocean by the payment of postages amounting to hundreds of thousands of dollars annually, and by the payment of still larger sums of freight and passage money, which would come back to us in the hands of our citizens, if proper governmental aid should be judiciously granted to our home companies.

"'It is no local question. The whole country is interested in the success of the enterprise.

"'While taxing our citizens to foster the manufactures, is it wise to refuse the aid necessary to keep our steamers from being driven from the ocean?'

"MR. COLE'S REPORT TO SENATE, FORTY-SECOND CONGRESS, SECOND SESSION, JANUARY, 1872, ON A BILL TO ESTABLISH OCEAN MAIL SERVICE TO AUSTRALIA AND NEW ZEALAND.

"The committee recommends the bill to 'open up the vast commerce which rightly belongs to and should be secured by American enterprise.'

"'Your committee are of the opinion that it is the plain duty of this Government to at once secure to American ships and American enterprise their due proportion of this great and growing commerce of the Pacific.'

"The Secretary of the Treasury, in his report, November, 1871, advocates the measure, and says 'otherwise it is impossible for our merchants to compete with subsidized English lines.'

"MR. HAMLIN'S REPORT TO SENATE COMMITTEE ON POST-OFFICES AND POST-ROADS, SECOND SESSION, FORTY-SECOND CONGRESS, FEBRUARY, 1872.

"'The propriety and expediency of giving aid to American steam-ships to carry ocean mails and to promote American commerce has often been considered by your committee.

"'When it is considered that England, in facilities and in cost of labor or material and interest on required capital, possesses advantages in the cost of constructing ships, &c., and when it is also considered that England gives large subsidies to establish and continue lines of steam-ships, it becomes apparent that she is rapidly monopolizing ship-building and the commerce of the seas. It is also apparent that unless immediate and efficient aid is speedily given by the Government our entire foreign trade and commerce will in a short time pass into the control of British ship-owners, or into the hands of other foreign nations who have subsidized lines of steam-ships.'

"The reports of our consuls tell the same uniform and doleful story of our commercial decadence; how the sailing ships of the United States disappear from foreign ports and vanish from the seas before the fast steamers of Great Britain, and even other inferior powers, like smoke before a gale. With 15,000 miles of coasts, studded with the richest cities in the world, we have neither the merchants' ships to supply their wants nor the navy to defend them. Two ships of one of several European powers could ravage our coast, levy contribution upon our cities or destroy them, from Portland to Corpus Christi. If we can not support a costly navy, let us at least encourage the plant in material and men to improvise a navy if war should demand one.

"As your committee stated in the outset, the consideration of this measure leads us to others cognate to it and momentous in importance to our commercial and political future. Treating this as a postal question, we can see no reason why a fair compensation by contract should not be paid as well for ocean as for land transportation of our mails. We believe that the national prosperity, the national safety, and the national honor are all concerned; and while gentlemen are taxing their ingenuity to reduce our plethoric income, we can not see what better use can be made of a part of it than carrying our mails to foreign ports for the upbuilding of our commerce. We believe the passage of this bill will meet the approval of the people of our Republic, and that its defeat will create the profoundest satisfaction in Great Britain, who, safe in the feeble supineness of her former rival, has annually, by carrying our commerce, taken millions of dollars from our shores."

In conclusion, the committee ask attention to the following remarks by the Admiral of the Navy of the United States, taken from the report of the Secretary of the Navy, at the opening of the present Congress:

THE MERCANTILE MARINE—ITS NECESSITY TO THE NAVY.

"I have long looked forward to the time when Congress would take some steps towards resuscitating our mercantile marine, which has long been languishing for the want of Government action in its behalf. A large number of merchant steam-ships would in time of war be an important adjunct to our regular naval force, for many of them would, with comparatively little alteration, make the best commerce-destroyers in the world, and also the best destroyers of commerce-destroyers.

"Two of the most formidable vessels of this kind in the Russian navy were built by Cramp & Sons, of Philadelphia, for the merchant service. They carry a large amount of coal and provisions, and, in case of necessity, could run away from the fastest cruisers.

"If we ever succeeded in building up a mercantile marine the Navy would feel assured that the vessels would obtain the best speed. We were the first nation to build

large and fast steamers, and would not feel satisfied until we had outstripped the best vessels now afloat.

"It is only necessary to glance at the list of fast merchant steamers belonging to England, France, and Germany to see what an influence they must exert in a war with a commercial nation. England alone would cover the ocean, with the aid of her coal mines, as she did formerly with her canvas, and commerce-destroyers of other nations, unless they had great speed, would be gathered in with perplexing rapidity. There is no part of the world where the British flag does not float over some fast and powerful steamer, all ready in case of necessity to be converted into a ship of war, and after receiving her commission and guns, with a trained crew, she would be ready in a few weeks to go forth on her mission of destruction. Many of these British steamers are running to our shores, and we pay them a yearly tribute of $130,000,000 for carrying our produce and passengers to Europe. Great Britain, by giving every possible encouragement to her commercial marine, adds enormously to the strength of her navy in time of war, and makes her ocean steamers not only their own protectors, but the destroyers of her enemies. This great fleet of steamers has been built up by subsidizing the lines until they are able to do without such assistance.

"No wonder Great Britain has become the great commercial nation of the world, and made all other nations pay tribute to her for carrying their products. Her statesmen do not raise the cry of 'taxing the people' when asked to assist some proposed steam line to enter upon its career. They do not waste precious time in investigating matters which should be plain to the commonest understanding, but are ready to spend a million of dollars so that twenty millions will flow into British coffers. Instead of taxing our people by subsidies, 'we are making them lose over three hundred millions a year in the last ten years.' (See Secretary Frelinghuysen's letter on the commerce of the world.)

"From 1872 to 1882 British imports were $18,363,340,000; exports $13,566,661,000; showing a balance of trade against her of $4,796,670,000; three times the amount of our national debt. We have paid a large share of this bounty to British mechanics, and not a dollar of it has remained in this country. The position we hold in the carrying trade of the world is simply humiliating; it is absolute dependence and subserviency; and we lose by it a large fleet of fast steamers that would equal or exceed for many purposes in time of war any that we could build in the Navy.

"The first step to be taken to remedy these evils is to establish a Government Board of Trade to represent the wants of our commerce and make such recommendations from time to time as would tend to bring our commercial marine to its proper standard, enabling us to carry a large share of our exports and imports. This Board of Trade should be connected with the Navy Department, and the Secretary of the Navy should have supervision over all ocean steam lines, to see that their vessels were constructed with proper strength and swiftness to render them capable of conversion into ships of war.

"There would be no necessity for subsidizing our lines of steamers further than by paying them a liberal compensation for carrying all our mails; so we would hear no more of the cry of 'taxation' which is raised by British lobyists every time Congress makes any attempt to revive our commercial marine. This cry of 'taxation' might be urged with far more force against our tariff, which is imposed to protect our home industries, and which is ten times more onerous than any subsidy ever likely to be given to our steam lines.

"If it was not for her great ocean steam lines Great Britain would require ten times the number of vessels in her Navy that she has at present, for her coast must be defended against all Europe, and her mercantile marine protected, no matter what the expense. She extends her arms over it as a mother would over her children.

"In 1849, when the great exodus to the California gold mines took place, Congress, seeing the great advantage of such a course, established a line of mail steamers from New York to the Isthmus of Panama, and thence to San Francisco, stopping at intermediate ports. There was no hesitation in appropriating a large amount of money

for carrying the mails. Congress did not consider it a subsidy, for the country received in return twenty times the value of the amount expended on these steam vessels. I myself commanded one of the mail steamers, and during three years carried about 36,000 passengers and $82,000,000 in gold. But for that action on the part of Congress no company could have afforded to start such expensive ships. The British would have absorbed all that trade, and the profits would have gone to Great Britain, not to the United States. The result of that action was we held that line of steamers and others until the Pacific Railroad was built, and for once in our lives we kept a trade exclusively American in our own hands. There were no British ships in competition at that time, or we would have heard the same outcry against 'subsidies' from American agents of foreign steam lines, who fear the competition of our countrymen.

"Who can overestimate the importance of those steam lines to California? We gained actual possession of a great country, with its enormous wealth in minerals. Within a year a great city sprang from the barren hills as if raised by an enchanter's wand, and the wealth of California has made our Eastern cities grow and prosper in a manner that the world has seldom witnessed before."

APPENDIX A.

SUBSIDIES TO STEAM-SHIPS IN EUROPE.

Report by Consul Crain, of Milan, on the history and extent of subsidies granted to ocean steam-ships by France, Austria-Hungary, Spain, England, Belgium, Holland, Sweden, Norway, Italy, and Germany.

The Government at Rome, for its guidance in the preparation of measures to aid the Italian commercial marine, has recently caused investigations touching past and present subventions to merchant steamship lines by other nations. The data furnished by these researches embrace the history and extent of subsidies as to most European countries, and the scope of the various lines.

FRENCH SUBSIDIES.

The law of August 16, 1879, authorized the minister of the postal and telegraphic department to accord an annual subvention of 1,200,000 francs for a period of fifteen years to steam-ships which should run the following lines: Line from Port Vendres to Algiers; Algiers to Bona; Marseilles to Oran; Port Vendres to Oran; Marseilles to Philippeville; Marseilles-Bona to Tunis; Tunis to Tripoli.

The principal conditions were that a new semi-monthly line should be established between Oran and Tangiers, touching Nemours, Malaga, and Gibralta, and optionally Melilla; that the service of the aforesaid lines should be weekly, going and returning, except for the Marseilles-Algiers and Marseilles-Philippeville lines, which should be semi-weekly; the ships to be new or seaworthy, of not less than 400 tons register for voyages between France and Algiers, and of 200 for voyages along the Barbary coast; to be run according to the line, 12, 10, or 9 knots per hour, with a forfeiture of 50 francs per hour for every delay not justified. The act of concession also regulated the mail service, treatment of passengers, transport of merchandise, etc., and exacted 350,000 francs security; it stipulated that the payment of subsidy be monthly, but forbids the company to cede any part of the service to another without the express consent of the minister. The service was assumed by the General Transatlantic Company from July 1, 1880, to June 30, 1885, for an annual subsidy of 493,500 francs.

From February 20, 1858, Mr. Marzion, director of the Union Maritime Company, was the recognized grantee of the transatlantic postal service between France, the

United States, and the Antilles, operated by two lines, one from Havre to New York, the other from St. Nazaire to the Antilles and Aspinwall, with subsidiary lines to Guadeloupe, to Mexico, and Caen. Afterwards Mr. Emile Periere (Mr. Marzion having given up the service), under the law of June 7, 1857, accepted in the name of the Transatlantic Company a contract, of which the following are the principal clauses: A concession of a subsidy of 9,300,000 francs per year, for twenty years, reduced, however, by 600,000 francs per year until the actual running of the Mexican line, and with a clause that the twenty years should begin only from the date that all the lines were in operation, Mr. Periere to have the following steamers: Five of 850 horse-power; six of 660 horse-power; five with a total of 875 horse-power; three each 200 horse-power; one of 150 horse-power; one of 125 horse-power.

Mr. Mallet, in behalf of the Crédit Mobilier, guarantied the emission of 32,000 bonds and 32,000 obligations of the said company.

The Government stipulated not to subsidize any lines between the coast of Newfoundland and the mouth of the Amazon, and that whenever a direct line to New Orleans and Havana should appear feasible it would first negotiate with the Transatlantic Company, and in case of non-agreement would pay an indemnity, to be fixed by a commission, for damages resulting from the competition. The company bound itself to make a discount of 30 per cent. for the transport of civil, military, and ecclesiastical functionaries, for sailors and soldiers of the colonies; 7 francs per day was agreed upon for transport and maintenance. The annual distance to be run was fixed at 157,968 marine leagues, divided thus: For the semi-monthly line from Havre to New York, 55,016 leagues; St. Nazaire to Martinique, Martinique to Santa Marta, or Cartagena, Santa Marta to Aspinwall, 78,672 leagues. For the monthly line from Martinique to Santiago de Cuba, Santiago de Cuba to Vera Cruz, Vera Cruz to Tampico, Martinique to Cayenne, 27,080 leagues. The average speed to be 11½ knots for the New York line, 10 for the Antilles and Aspinwall, and 8 for the others.

At the time of the expedition to Mexico there was established by convention of February 17, 1862, a monthly voyage from St. Nazaire to Vera Cruz, with a subvention of 310,000 francs going and returning, the company being permitted to make only a monthly voyage between Havre and Mexico, the subsidy being reduced, however, by 1,669,220 francs.

By convention of April 17, 1865, the itinerary of the lines to the Antilles was modified as follows: First line from St. Nazaire to Martinique; Martinique to Santa Marta or Cartagena; Santa Marta to Aspinwall. Second line from St. Nazaire to St. Thomas; St. Thomas to Havana; Havana to Vera Cruz.

The following five services were established: The first from Fort de France to Santa Lucia; Santa Lucia to St. Vincent; St. Vincent to Granada; Granada to Port of Spain; Port of Spain to Demerara; Demerara to Surinam; Surinam to Cayenne. The second from Fort de France to St. Pierre; St. Pierre to Point à Pitre; Point à Pitre to Basseterre; Basseterre to St. Thomas. The third from Fort de France to St. Pierre; St. Pierre to Point à Pitre; Point à Pitre to Basseterre. The fourth from St. Thomas to Porto Rico; Porto Rico to Hayti; Hayti to Santiago de Cuba; Santiago de Cuba to Kingston. The fifth from Vera Cruz to Tampico; Tampico to Matamoras.

On account of these onerous modifications of lines the Government abandoned the penalty established by article 38 of the contract for insufficiency of speed on the New York line. A convention of March 16, 1866, established a monthly line for New Orleans, in communication at Havana with that from St. Nazaire to Mexico, and one between Fort de France (Martinique) and Port Cabello (Venezuela), with call at La Guayra. For these two lines the Government accorded a new subvention of 131,156 francs for the first, and of 64,017 for the second.

A convention of February 16, 1868, between the French Government and the Transatlantic Company established two new lines, the first monthly from Panama to Valparaiso, and *vice versa*, with the following itinerary: From Panama to Guayaquil, Guayaquil to Payta, Payta to Lambayeque, Lambayeque to Huanchaco, Huanchaco

to Callao, Callao to Chinchas, Chinchas to Islay, Islay to Arica, Arica to Iquique, Iquique to Cobija, Cobija to Caldera, Caldera to Huasco, Huasco to Coquimbo, Coquimbo to Valparaiso; the second monthly, from St. Thomas to Colon, touching at Porto Rico, Cuba, and Jamaica.

The subsidy was 750,000 francs per year; the Government guarantied 5 per cent. interest, authorized a capital of 60,000,000 francs and the issuing of bonds, stipulating, however, that the maximum of interest to be paid by the Government should not exceed 2,000,000 francs, and reserving one-fourth of all profits realized by the company over and above 8 per cent. The state advanced 4,000,000 francs, reimbursable, without interest, in fifteen yearly installments. The company bound themselves to put on three new steamers, built in France, of a speed of 12 knots per hour and 450 horse-power, and to keep always at Martinique in reserve, for inter-colonial service, a steamer of at least 150 horse-power.

By convention of December 16, 1873, the subsidy was continued, the Pacific line suppressed; but in exchange 9 steamers of a minimum force of 850 horse-power and a speed of 12½ knots per hour were required, and also two additional monthly round voyages in the six months from April to November between Havre and New York.

Mr. G. B. Beccari, in a pamphlet published at Rome in 1882, gives the following table of subventions accorded by the French Government to the General Transatlantic Company:

Point of departure and arrival.	Distance in miles going and returning.	Distance run in miles.	Division of subsidies.	Number of voyages.
			Francs.	
Havre New York	6,348	165,048	3,170,000	26
St. Nazaire Vera Cruz	11,286	189,540	3,451,156	12
Lines annexed	4,509	.....	.....	.....
St. Nazaire Aspinwall Lines annexed	9,834	162,288	3,074,017	12
	.....	516,876	9,695,173	.....

MESSAGERIES MARITIMES—MEDITERRANEAN AND BLACK SEA LINES.

The convention stipulated between the Government and the Messageries Company, dated February 28, 1851, was for a term of twenty years. The annual subvention was fixed at 3,000,000 francs, and after ten years was to be diminished 100,000 francs per year. By convention of January, 1852, the subsidy was made 3,076,091 francs, and by a subsequent one of May 20, 1857, which by ministerial decree of June 2, 1864 was extended to July 22, 1888, the amount of the subsidy was raised to 4,776,118.40 francs for a yearly navigation of 188,300 marine leagues, divided into nine different lines. First line, Marseilles to Malta, touching at Genoa, Leghorn, Civita Vecchia, Naples, Messina, and Piræus, with fifty-two voyages per year, including return. Second line, Marseilles-Alexandria, touching Malta, with twenty-six round voyages. Third line, Alexandria-Smyrna, touching Jaffa, Beyrout, Tripoli, Latakea, Alexandretta, Messina, Rhodes, with twenty-six round voyages per year. Fourth line, Marseilles-Smyrna, touching Malta and Syra, with twenty-six round voyages. Fifth line, Piræus-Smyrna, touching Syra, with twenty-six round voyages. Sixth line, Smyrna-Constantinople, touching Mitylene, Dardanelles, Gallipoli, with fifty-two round voyages. Seventh line, Marseilles-Constantinople, touching Messina and Piræus, with fifty-two round voyages per year. Eighth line, Constantinople-Braila, touching Galatz, with thirty-six vovages per annum. Ninth line, Constantinople-Trebizond, with thirty-six voyages per year.

In the contract it was stipulated that the company have at least fifteen steamers, six of 220 horse-power or over, and nine of 160. The rules for the postal service and sustenance of passengers are nearly identical with those above mentioned for the Transatlantic Company.

There is, however, a clause that in case of war the Government reserves the right to take possession of the company's material, paying 5 per cent. interest upon the approximate capital, and re-imbursing the appraised losses and damages. Also, in case of suspension of a weekly voyage between Marseilles and Constantinople the company will be bound to inaugurate a military and postal service between Algiers, Bona, and Oran, transporting gratuitously, besides letters and funds, every year 20,000 tons of material and 30,000 passengers of the fourth class, including maintenance.

MESSAGERIES MARITIMES LINE OF BRAZIL-RIO DEL PLATA.

The convention of September 16, 1857, for the postal service for Brazil for a term of twenty years, went into force in 1860, was extended to 1884, and accorded a yearly subsidy of 4,700,000 francs to the messageries, with the obligation to make twice a month alternately from Bordeaux and from Marseilles the following voyages: First, from Bordeaux to Rio Janeiro, touching Gorea, Pernambuco, and Bahia. Second, from Marseilles to Rio Janeiro, touching Gorea, Pernambuco, and Bahia. Third, from Rio Janeiro to Buenos Ayres, touching Montevideo—that is, a total distance of 101,232 marine leagues. However, the line from Marseilles was suppressed by a succeeding convention of April 22, 1861, and the subsidy reduced to 2,306,172 francs, the company to have ten steamers, seven thereof to be at least of 450 horse-power, and three of 200, with an average speed of 9 knots per hour for the line to Brazil, and of 8 for the subsidiary from Brazil to La Plata. For passengers for the service, and for transports, &c., are adopted the same rules as for the other lines, with express stipulation that the contract is not to be assigned to others without the written consent of the minister of finance.

MESSAGERIES MARITIMES—INDO-CHINA LINE.

April 22, 1861, there was stipulated an agreement between the French Government and the messageries, granting to the company for twenty-one years a subvention of 7,500,000 francs for the first three years; 7,000,000 for the second three; 6,000,000 for other three; 6,500,000 for other three; 5,000,000 for other six, and 5,000,000 for the last six years. The service embraces one principal monthly line, in communication with lines of the Mediterranean, and five subsidiary lines. The principal leaves Suez for Saigon, touching Aden, Point de Galles, Penang, and Singapore. Of the subsidiaries, all monthly, the first goes from Aden to the island of Reunion and Mauritius; the second from Point de Galles and Chandernagore, touching Pondichery, Madras, and Calcutta; the third from Singapore to Batavia; the fourth from Saigon to Manila; the fifth from Saigon to Shanghai, touching Hong-Kong.

By convention of June 2, 1864, the line from Saigon to Manila was suppressed, and in its place was substituted another, monthly, from Shanghai to Yokohama, and the line from Mauritius to Aden was extended to Suez, with an increase of subsidy to the first of 341,301 francs yearly, and to the second of 256,631 francs yearly. The total yearly distance to be run was fixed at 112,194 marine leagues.

By a convention of April 6, 1868, the company engaged to prolong the Suez line to Hong-Kong; to take Hong-Kong instead of Saigon as the point of departure for the subsidiary line to Shanghai; to establish a direct line from Kong-Kong to Yokohama, suppressing that from Shanghai to Yokohoma; to make twenty-six voyages instead of twelve on the principal line between Suez, Hong-Kong, Yokohama, and that of Hong-Kong, Shanghai; to increase by one voyage per year on the subsidiary lines. For this increase of about 90,812 marine leagues in distance there was conceded an

average subvention of 37.50 francs for every league, and per year 3,405,450 francs, payable monthly.

MESSAGERIES MARITIMES—AUSTRALIAN LINE.

A convention made June 25, 1881, which went into effect in October, 1882, stipulated for a subvention of 3,297,216 francs per year for fifteen years, for a yearly distance to be run of 103,038, or 32 francs per league. The conditions imposed on the company are not yet made public, except that a speed of over 11 knots per hour is established. The account current of the Messageries Maritimes Company for the years 1879 and 1880 presents the following results:

Description.	1879.	1880.
	Francs.	*Francs.*
Income received for passengers, freight, etc	31,603,566.00	32,951,719.00
By Government subvention	14,057,392.00	14,097,396.00
Total	45,660,958.00	47,049,115.00
Expenses of every kind, including interest on bonds	41,144,353.83	42,522,048.83
Profits	5,516,604.17	4,527,066.17

The company had in 1880 fifty-six steamers, with a total of 24,270 horse-power, and for the greater part of great capacity. The distances run in that year make a total of 1,781,058 miles, of which the obligatory postal service was 1,401,549¼ miles; optional service, not periodical, 325,149¾ miles; for service of particular urgency, 54,359 miles.

It should be observed that under the law of January 30, 1881, granting premiums for construction and navigation, all the steam-ship companies having postal subventions are excluded from benefits.

In the budget of the minister of finance at this moment under discussion in the French Chambers the subventions figure as follows:

	Francs.
Line between the Continent and Corsica	375,000
Lines of the Mediterranean, Brazil, and La Plata	4,382,263
Lines of New York and Antilles	9,958,606
Indo-China line	8,573,024
Algiers line	880,000
Calais and Dover line	100,000
Total	24,268,892

AUSTRO-HUNGARIAN SUBSIDIES.

The postal and navigation convention which regulates the service of the Austro-Hungarian Lloyd, and the Government subsidy accorded to that steam navigation company, bears date June 26, 1878, and is for a term of ten years, commencing July 1, 1878.

The lines and speed are indicated in the annexed table

Courses.	No. of voyages yearly.	No. of maritime leagues for each round course.
A.—*Course with speed of 10 knots per hour.*		
Constantinople, Varna, and return	104	290
B.—*Course with speed of 9 knots.*		
Trieste (Fiume), Corfu, Alexandria, and back	52	2,402
Trieste, Corfu, Syria, Constantinople, and back	52	2,356
C.—*Course with speed of 8 knots.*		
Trieste, Pola, Dalmatia, Durazzo, and back	52	1,037
Trieste, Pola, Dalmatia, Albaina, Prevera, and back	52	1,488
Trieste, Pola, Cattaro, and back	52	825
Fiume, Lussin, Zara, Cattaro, and back	26	705
Fiume, Lussin, Zara, Cattaro, Albania, Patras, and back	26	1,369
Trieste, Fiume, and back	52	272
Fiume, Trieste, and back	52	272
Fiume, Segna, Zara, and return	52	252
Fiume, Zara, Ancona, and back	26	293
Trieste, Fiume, Corfu, Syria, Smyrna, and back	52	2,280
Trieste, Patras, Piræus, Volo, Salonica, Constantinople, and return	26	3,306
Constantinople, Kustendji, Galatz, and back	40	858
Constantinople, Trebizond, and return	12	1,047
Constantinople, Smyrna, Cyprus, Beyrout, Port Said, Alexandria, and return	26	2,704
Alexandria, Port Said, and back	26	320
Piræus, Syria, and back	104	156
Syria, Candia, and back	52	319
Fiume, Ancona, Bari, Messina, Candia, Lisbon, Liverpool, and back	18	6,000
Trieste, Ceylon, Calcutta, and back	6	12,260
Trieste, Aden, Bombay, Ceylon, Singapore, and return	6	13,750
Trieste, Bombay, and return	3	8,680

The indemnity is fixed by article 2 of the convention in the following proportions:

	Florins.
For the Constantinople-Varna line	4.00
For the Trieste-Alexandria, Trieste-Constantinople, Trieste-Bombay, Fiume-Liverpool, Trieste-Calcutta	1.80
For the Singapore line	2.50
For other courses	1.50

However, it is established that the subsidy shall not exceed 2,000,000 Austrian florins.

The Lloyd steamers have these privileges:

1. Are exempt from payment of tonnage duties.
2. Can take cargoes at night.
3. Can embark health officers to abbreviate quarantine.
4. Have the right in national ports of most commodious place to load and unload.
5. Every three months are reimbursed the taxes paid in making the passage of Suez Canal.

The Lloyd Company on their part, are bound—

1. To furnish themselves with 28,000 tons of coal per year from the Austro-Hungarian mines; always, however, that the price shall not exceed that of English coal, on the hypothesis that the heating power of national coal is to that of English as 85 to 100.

2. To accord gratuitous passage to the employés and dependants of the minister of foreign affairs.

3. The agency of the company must be filed abroad, where permitted, by postal officials furnishing security for good conduct.

4. The Lloyd steamers receive gratuitously the mails, and are subjected to fines for delays, infractions—fines which vary from 15 to 120 florins.

5. They are obliged to receive aboard the sailors, prisoners, and the indigent who are consigned to them by the imperial and royal consuls.

6. To acquire steam-ships from abroad the consent of the minister of foreign affairs is necessary.

7. The steamers must have an average capacity of 1,200 tons cargo, or about 850 register.

The formation of this old and powerful company dates back to 1833, but it introduced steamers only in 1836, making the service between Trieste and the ports of the Adriatic, Mediterranean, and Black Sea. Until 1865 its capital was 3,000,000 florins. On September 14, 1865, it was increased to 12,600,000, divided into 24,000 bonds of 525 florins each. In its origin the company was promoted by the city of Trieste, which guarantied the interest upon the capital. Afterwards the Austrian Government gave it its protection. To form a clear idea of the importance of the operations of the company it will be sufficient to examine the following table, showing the service performed in 1881:

No. of voyages.	Lines.	Miles run.	Number of passengers.	Moneys received in florins.	Weight of merchandise in quintals.	Number of head of beasts.
393	Of the Levant	619, 090	94, 057	43, 795, 014	2, 102, 898	6, 514
18	Of India	262, 167	5, 868	524, 271	513, 064	673
1	Of the Red Sea	4, 115	1, 844	111, 675	6, 691	.....
241	The Danube and Black Sea	158, 394	44, 544	10, 237, 117	1, 110, 189	8, 954
152	The Archipelago	33, 649	7, 198	2, 316, 705	58, 483	6
684	The Adriatic coast	314, 750	120, 425	47, 047, 554	856, 186	912
166	Casual	218, 720	19, 632	1, 059, 486	418, 006	2, 665
1, 565	Total in 1881	1, 610, 885	293, 568	105, 091, 825	5, 065, 516	19, 725

The company's fleet was composed on the 31st of December, 1881, of 74 steamers, of a total tonnage of 88,224 and a total horse-power of 17,930. Their original cost was 68,988,125 francs, but by reason of depreciation they figure in the company's balance-sheet at 30,101,500 francs. At the above date there were in the course of construction four other steamers of heavy tonnage. The service in 1881 yielded a net profit of 5,438,870 francs.

The Lloyds is the only company subventioned by the Imperial Government.

The Company Adria, whose principal office is at Fiume, recieves from the Government of Hungary a subvention of 150,000 florins per year, under a contract made with the Hungarian minister of agriculture, industry, and commerce, January 31, 1882. Its capital is 12,000,000 of florins. The company under the contract is bound to make, from January 1, 1882, to December 31, 1891, each year, at least one hundred and fifty voyages between Fiume and the ports of Western Europe, viz: Every month two voyages from Fiume to Liverpool and Liverpool to Fiume.

Every month one voyage from Fiume to London or Hull or Leith; London, Hull, or Leith to Fiume; Fiume to Bordeaux; Fiume to Marseilles; Marseilles to Fiume; Fiume to Glasgow, and Glasgow to Fiume.

The company binds itself to maintain regular communications with Havre, Rouen, with the Irish ports, and such other ports of western Europe as shall be designated by the minister, provided they are assured at least half a cargo at current rate of freights for steamers in the Adriatic. Such voyages will be made independently of the one hundred and fifty above mentioned. However, the company is not bound to make more than two hundred voyages per year. Nevertheless, the company can be compelled by the minister to make additional voyages for the ports of western Europe, provided they are assured half a cargo at current freights and with a subven-

tion supplementary of 600 florins per voyage. The company's steamers must have an average of 800 tons register; the freights from and to Fiume must not be higher than those of the company from and to other north Adriatic ports. A fine of 500 florins is established for every delay in departure or arrival not justified. They are to receive and transport at their own expense sailors from the maritime academy of Fiume, but not more than two on any one steamer. The company are to have for the service of 1882 five steamers, with a total of 4,000 tonnage, and are to add a new one each year, of 800 tons, until they own twelve. The Hungarian Government is to give preference to the Adria Company for such new voyages to the west as it may see fit to establish as well during the present convention as after its expiration.

Spanish Subsidies.

For postal subventions they have in Spain the auction system. There are several contracts of different dates, which on a average run eight years. The first is for the steam service between Cadiz, Santa Cruz of Teneriffe, and Palmas of the Great Canaries. The subsidy can not be more than 248,840 francs per year. The voyage going must be done within sixty-eight hours; returning, within seventy-four. The average speed must be from 11 to 11½ knots, and tonnage from 700 to 1,200. For every delay not justified the fine is fixed at 250 francs for every six hours. The number of steamers must be three, and the voyage going and coming is every two months. The second is for the transport of the mails between Tarifa and Tangiers, runs four years, and grants an annual subsidy of 7,080 francs. The third is for the service between Barcelona and Palma, between Valencia and Palma, and between Alicante and Palma, touching at Iviza; that is, three round voyages; steamers to be 150 horse power; the company to have at least four steamers. The subsidy is 97,425 francs per year; the contract runs six years from August 10, 1872, to be thereafter extended. The fourth is for the weekly mail service between Barcelona and Mahon, and from Palma to Mahon, and *vice versa*. The subsidy is fixed at 56,000 francs per year. The passage from Mahon to Palma must be made in twenty hours, and that from Palma to Mahon in thirteen. The contract runs eight years from the end of April, 1879. The fifth runs ten years from November 1, 1881, and accords a monthly subsidy of 45,000 francs for the following lines: Havana and Porto Rico, touching Nuritas, Gibare, Baracoa, and Porto Plata, Mayaguez, Pome, Porto Prinçipe, and Santiago de Cuba; Havana and Vera Cruz, touching Progreso; Havana and Colon, departing from Santiago de Cuba, and touching Kingston and Barranquilla; Havana and Laguayra. The first one line has three departures per month, the others are only monthly. The ships must be at least 150 tonnage. There are heavy fines and severe rules, as well for the postal service as for the transport of passengers. The sixth is for the mail service between Spain and the Antilles, and calls for three monthly departures, two from Cadiz and from Santander for Havana, and *vice versa*. The ships must be 2,000 tons register each, and number twelve. Speed required is 11 miles per hour, and the voyage, going, to be eighteen days; returning, seventeen days. The seventh, of the 19th August, 1879, is for the service between Spain and Manila; runs ten years, and with a subsidy which can not exceed 100,000 francs for every round voyage. The voyages must be completed in forty days in good seasons, and in forty-three in bad. The itinerary calls for 8,139 miles. The departure is monthly, and is from Cadiz and from Manila, touching Carthagena, Barcelona, Port Said, Suez, Aden, Pont de Galle, Singapore. It calls for six steamers, and speed 11 knots. Heavy security and severe fines are established for the exact performance of the contract.

British Subsidies.

The postal and transport services, of which table follows, are performed by several companies. The principle ones are: The Royal Mail Steam Packet Company, which makes the service of Brazil, of La Plata, from Southampton, and that from St. Thomas

to Porto Rico. The Pacific Steam Navigation Company, running between Liverpool, Brazil, Plata, Chili, and Peru, and from Panama to Valparaiso. The Union Steamship Company, limited, which makes the service for the Cape of Good Hope and Zanzibar, leaving and returning to Plymouth, touching every month the islands of Ascension and St. Helena, completing the voyage in thirty-eight days. The British India Steam Navigation Company, running between Aden and Zanzibar. The West India and Pacific Steamship Company, limited, and the steamships of Bernard Hall and Arthur Bower Farwood, which make the service from Liverpool to Laguayra in twenty-four days; from Liverpool to Vera Cruz in thirty-four, stopping at Porto Principe; and from Liverpool to Santa Marta in twenty-eight. The Cunard Company, which performs the service from London to Halifax and the island of St. Thomas, and that from Liverpool to New York and Boston. The Liverpool, Brazil and River Plata Steam Company, running between Liverpool, Brazil, and the Rio de la Plata. The steam-ships of William Inman make the service between Liverpool and New York via Queenstown. The Southeastern Railroad Company and the London, Chatham, and Dover Railroad Company run steamers between Dover and Calais.

The principal clauses in the contracts with these companies are, that any differences are to be arbitrated; to have steam-ships of determinate dimensions and speed; not to assign the concessions to others, and to pay fines in case of delays. The subsidy is not based on the distances run, but on the greater or less service rendered by the company to the English postal department, and is fixed by private contract.

Service of English postal packets, and sums paid for the postal service for the year ending March 31, 1882.

	Pounds sterling.
United Kingdom	109,577
Europe	16,000
America	190,760
Africa	18,800
Asia	360,000
Cyprus	9,000

EXPENSES OF ESTABLISHMENTS.

Salaries, wages	832
Travelers	65
Rents	30
Expenses of ports and docks	2,500
Casual expenses	70
Pensions	133
Total	707,767
Sums paid by the Governments of India and Belgium	90,500
Total of subventions paid by the English Government	617,267

DETAILS.

United Kingdom, Holyhead, and Kingstown	85,000
Aberdeen and Lerwick	2,200
Scrabster and Stromness	2,000
Southampton and Channel Island	6,500
Liverpool and Isle of Man	4,500
Penzance and Scilly	450
Southampton and Cowes	150
Portsmouth and Ryde	800
Dunvegan and Lochmaddy	420
Oban and Fort William and Tobermory, Strome Ferry, Portree, etc	290
Kerbival and North Orkney Islands	120

	Pounds sterling.
Stremway and Ullapool	1,300
Androsan and Arian	350
Greenock, Port Ellen, and Portasking Islay	800
Greenock, Rothesay, and Ardrishing	1,800
Tobermory, Coll, and Eyree	95
Oban and Auchnacraig	125
Oban and Fort William	600
Oban and Tobermory	500
Weymouth and Channel Island	50
Shetland and Fair Islands	137
Shetland and Foula	80
Greenock and Lochgalhead	100
Inverness and Fort Augustus	210
Allowance for additional service	100
Total	109,577

EUROPE.

Dover and Calais (contract March 25, 1878)	8,800
Excess of premium over penalty	2,700
	11,500
Dover and Ostend (payment by Belgium)	4,500
Total	16,000

AMERICA.

United Kingdom and United States	71,000
Halifax, Bermuda, and Jamaica	17,500
England and West Indies	81,700
Twil's Island and St. Thomas	300
Belize and New Orleans	1,760
Liverpool and Callao	6,200
Liverpool and Porto Cabello, Tampico and S. Marta	1,200
Southampton, Brazil, and La Plata	5,700
Panama and Valparaiso	5,500
Total	190,869
Deduction of amount of penalty	100
Total	190,760

AFRICA.

West coast of Africa and England	8,800
East coast of Africa, Aden and Zanzibar, Table Bay and Zanzibar	10,000
Total	18,800

ASIA.

East India and China, between Brindisi and Bombay (via Suez), touching Aden, between Brindisi and Shanghai (via Suez), touching Aden, Pont de Galle and Colombo Penang, Singapore, Hong-Kong	360,000

CYPRUS.

Larnaca and Alexandria	9,000

THE PENINSULAR AND ORIENTAL COMPANY.

In 1837 the English Government, for political and commercial reasons, began a postal service between the United Kingdom and India, which was performed for the most part by sailing vessels of the navy. This method proving expensive and unsatisfactory was given up; the admiralty, on the 22d of August, 1837, contracted with Captain Bowme, agent of a company which afterwards took the name "Peninsular and Oriental," for a weekly service between Falmouth and Gibraltar, touching Vigo, Oporto, Lisbon, and Cadiz, and accorded a subsidy of 29,000 pounds sterling per year. In 1840 the line was extended to Malto and Alexandria, with an increase in the subsidy to 32,000 pounds sterling, the company binding itself to put on steamers of from 1,400 to 1,600 tonnage, with 400 to 450 horse-power, and so constructed as to carry heavy artillery for war purposes, the departures to be monthly and the passage to be made in fifteen days. This company having been re-enforced by a number of heavy capitalists, on September 24, 1842, entered into a contract for a service between England and India, and in that month the first steamer of this line left Southampton for Calcutta, followed soon by the Bentick and Precursor. each of 1,800 tons and 250 horse-power. The forty-first yearly balance sheet of the company, being for the year 1881, shows that the company's fleet is composed of fifty-one steam-ships, comprising six in course of construction. Their total capacity is 162,312 tons, with total of 28,000 horse-power. There are also eighteen small boats with 1,257 tonnage, making the subsidiary service between ports. The yearly distance run on all the lines exceeds 2,000,000 of miles, which is not so surprising when it is considered that the distance run from London to Yokohama is 11,395 miles, and that between London and Sidney is 12,126 miles.

THE ROYAL MAIL.

In 1839 Mr. Irving, in his own name and in that of several merchants and bankers of London, proposed to the English Government the formation of a maritime company for the transportation of the mails, passengers, and merchandise to the Antilles and Central America, using large steamers of 400 horse-power, and that there should be accorded an annual subvention of 240,000 pounds sterling. This proposition was accepted by convention of September 26, 1839, by which it was stipulated that there should be in the line fourteen steamers, each of 400 horse-power, and that the yearly distance run should not be less than 700,000 miles. The company not finding itself able to operate on so large a scale, the Government reduced its demand to ten steamers and to 395,000 miles of distance, but left intact the subvention of 240,000 pounds sterling. The line was in full operation in 1840. The steamers were wooden side-wheelers, making less than 8 knots per hour, and the service was so unsatisfactory that many claims were made against the company for delays. Up to 1848, by reason of the loss of some of their best steamers, the average return was about 3¼ per cent. After that year things went better, and in August, 1850, the admiralty signed a new contract with the company, by which the line was extended to Brazil, which extension was in operation by January 1, 1851. This new contract increased the subvention to 270,000 pounds sterling, and required that there should be fifteen steamers in the service, capable of carrying heavy cannon: ten of 400 horse-power, four others of 250 horse-power, and a small one of 60. In case of war the Government reserved the right to acquire and use the steamers of the company, at a price to be fixed by arbitration, and required £50,000 security for the performance of the contract.

In 1852 the capital, which in the beginning was £890,000 sterling, was increased to £1,423,460 sterling.

The old conventions having expired December 31, 1856, new ones were stipulated with the admiralty, but with a diminished subvention. The twelve years from 1854 to the end of 1865 gave the following results:

	Pounds sterling.
Average yearly receipts	822,224
Average yearly expenses	672,892
Net [illegible]	149,332

If, therefore, the company had not received the Government subvention during the said twelve years it would have lost money.

The company's fleet counted on April 14, 1882, twenty-five steamers, having a total tonnage of 62,843, and a total horse-power of 10,280. The balance sheet for 1881 gave the following result:

Received:	Pounds sterling.
Government subvention	97,135
For transport of merchandise, passengers, and money	693,169
Total	790,304
Expended	753,811
Net profit	36,493

The loss of the steamer Tiber and the reduction of the Government subvention to about one-half what it was in 1865 (it was £209,000 in that year), contributed to depress in an exceptional manner the company's profits in 1881.

It is unnecessary to give the details of subsidies paid by the Cunard and other companies.

Belgian Subsidies.

There are at present two lines subventioned by the Belgian Government, as follows:

1. The line of steamers between Antwerp and New York having an obligatory weekly service in both directions and between Antwerp and Philadelphia with a triweekly departure from each place. This is the Red Star Line, which is guaranteed 500,000 francs per year for the postal service.

2. The line between Antwerp and La Plata, and Antwerp and Rio Janeiro. This is operated by the Sud Americaine Compagnie, and makes three voyages per month each way, for which the Government guarantees the sum of 500,000 francs per year. The Government does not accord bounties by the course calculated on the number of leagues run; it guarantees only a minimum of return for the postal service. On the other hand, the lines in question have and must have a postal character before everything else. It is not simply an accessory, and the postal service must not suffer in any way by commercial traffic or passenger transportation. The duration of the subventions is fifteen years; both parties reserve the right to dissolve the contract from the end of the ninth year. The Government exacts as follows: First, the Belgian flag; second, such number of steamer of the first class as will enable the company to make the service without interruption; third, a minimum tonnage of 2,700 tons; fourth, different classes for passengers; fifth, prompt departures; sixth a prescribed speed, and heavy fines for each delay.

The above contracts were made in 1873 and 1876, and were slightly modified in 1882.

Dutch Subsidies.

The lines subventioned by the Government of the Netherlands are:

1. The line from Flessinga to Queensborough, under the direction of the Zeeland Company.

2. The line from Amsterdam to Batavia, under the direction of the Netherland Company

3. The different lines in the Indian Archipelago.

4. The line from the Island of Java to China, under the direction of the India-Netherland Steam-ship Company.

The total sum of the subventions is 705,000 florins; that is, for the first three lines for every mile 1.93 florins, 0.33 florin, 3.90 florins. The subvention of the fourth line is 10,000 florins per voyage; this service is once in three months, and will be monthly, which will make the total subvention 785,000 florins.

All the aforesaid lines are postal and commercial. The subvention to the Flessinga-Queensborough line and the Amsterdam-Batavia line is accorded exclusively for the

transport of letters, &c., of the postal department, while the subvention accorded to the Java-China line and to that of the Indian Archipelago has a commercial scope.

The contract for the Flessinga and Queensborough line was made for ten years from May 15, 1878, and that for the Amsterdam and Batavia line for an indeterminate time, commencing 1877. The contract for the line in the Indian Archipelago is for fifteen years from January 1, 1876, while that for the Java-China line dates from 1880. From what precedes it results that in the Netherland colonies the companies are subventioned for a commercial as well as postal purpose, while in Holland itself the subvention is strictly postal. The subventions are accorded by private contract.

Swedish and Norwegian Subsidies.

The Italian minister at Stockholm, in transmitting the following list, remarks that for the postal service made by steamers between the different Swedish ports there is conceded an indemnity, which varies according to the importance of the lines, and which, for the most part, represents but an insignificant part of the expenses of navigation. Only the Malmo Stralsund line is subsidized on a large scale. Under a convention concluded between Germany and Sweden February 24, 1869, the Swedish Government assumed the obligation to pay to the German postal administration, for a regular steamship service between the said two ports, half of the expenses of navigation and a yearly sum of 2,000 thalers for repairs to steamers in the service.

Table of subventions accorded by the state to private navigation of steamers for the service between different Norwegian ports.

	Crowns.
Fjordene to Stavanger:	
For passage on Fjordene to Ryfylke	12,000
For passage on Högsfjord	1,000
Söndre Bergenhus:	
To steamer Karmsund for passage on exterior side between Bergen and Hangesund	3,000
For passage, Bergen-Masfjord	2,400
To the North Bergenhus:	
Steam-ship, for passage upon Fjordene to North Bergenhus	35,000
To steamer Molde, for passage on Fjordene to Romsdals	6,500
For maintenance of steamer between Trondhjem-Hitteren and Froyen	7,000
Upon Fjordene to North Trondhjines:	
For passage on Anasenfjord	800
For passage to the interior, Foldenfjord	4,000
Upon Fjordene to Nordlands:	
To steamer Porghatten, for passage to Bindalen, Vego, and Velfjorden	12,000
To steamer Hegelands, for passage to Vessen and Ranenfjord	16,000
To Hegeland Steam-ship Company, for passage on Fjordene to Saltens Fodgeri	14,000
To the Tromso Amts Company, for passage on Fjordene to Tromso	58,000
On Fjordene to Finnmarkins:	
For passage to Altenfjord	23,000
For passage to Vestifinmarkske Fiskvoer	10,000
To the Rederie, for steamer Varanger, for passage to Varangerfjord	25,100
To the Bergenske and Nordenfjilske Company:	
On the line Bergen-Throndhjem, Hammerfest-Vadso	110,000
On line Sofoten-Vesterallen-Ofote, with two boats in fishing time and one at other times	57,000
For passage to Otterens Vasdrag	1,600
To steamer Telegraph to Selbosoen	1,000
Indemnities to persons employed for the Department of the Marine and Postos, to supervise the steamers subventioned and for sending of telegrams	8,000

Table of appropriations figuring in the Norwegian budget for the year 1881–1882, *for subsidies to steamers performing the postal service on the following lines:*

	Crowns.
Frederickshald, Stromstadt	150
Frederickstadt, Hoaloerne	400
Christiania, Bundifjord	50
Christiania, Christianssand	22,000
Christiania, Bergen	37,760
Christiania, Christianssand, Bergen, Throndhjem, Tromso	100,000
Christiania, Kjöbenhavn	780
Christiania, Hamburg	2,600
Drammen, Maas	1,440
Horten, Holmestrand	70
Skein, Langesund	1,440
Porsgrund, Bolvig-Herre	70
Tredestrand, Boroen	2,300
Christianssand, Frederikshavn, and Frederikshavn, Christianssand, Bergen	71,800
Christianssand, Mandal, Svinor, Spangereid	180
Stavanger, Bergen	6,656
Stavanger, Hardanger	2,500
Stavanger, Hoitingso	3,328
Skudesnoeshavn, Renneso, Stavanger, Hogsfjord	520
On Ryfylske Fjorde	3,200
Bergen, Haugesand, and Ohlandsvaag	900
Bergen, Hardanger	4,800
Bergen, Fjorddestriklerne, in Sondhorland	4,000
Bergen, Hans, Hammer, Hosanger, Salhus	800
Bergen, Bolstadoren	600
Bergen, Logn, Bergen, Sondfjord and Bergen, Nordfjord	26,160
Lerdal, Lyster and Lerdal, Gudvanger	10,000
On Söu and Nordfjord	2,400
Bergen, Manger, Bovaayen, Ostheim Masfjord	2,000
Bergen, Lygren, Lindaos, Leim	1,600
Bergen, Fane, Os, Strandvik, Fuse, Haalandsdal, Sammanger	2,400
Upon Sondmore, Romdalske, Fjorde	1,300
Upon Fjirdene in Romdals Fodgeri	1,500
Upon Fjordene in Nordmore Fodgeri	13,000
Throndhjem, Hamburg	22,000
Throndhjem, Christiansund	8,820
Throndhjem, Indherred	4,000
Throndhjem, Hitteren, Froyen	2,000
Throndhjem, Orkedal	230
Bergen, Throndhjem, Vadso	150,000
On Vefsen and Ranenfjordene	2,000
On Saltenske-Fjorde, and on Foldenfjorden	4,000
Brono, Bindalen, Fiskerosen, Vigo, Velfjorden	2,000
Lofoten. Vesteraalen, Ofoten	20,000
On Tromso, Amts Fjorde	7,000
On Altenfjord	2,500
On Varangefjord	900
On Mjosen	15,000
On Ojeren	150
On Kroderen	1,200
On Spirillen	200
On Randsfjorden	1,200

	Crowns.
On Pinsjoen	180
On Nordsjovandet	1,100
On Flaa, Havideseid, and Bandalsvandene	480
To divers steam-ships, to transport the mails to foreign countries	2,236
Total	566,000

Italian Subsidies.

The Italian steam-ship companies Florio and Rubattino were consolidated by the terms of a convention with the Government dated June 15, 1877, and together receive from the Government an annual subvention of 8,139,576 francs, or an average of 16.84 francs per league, the total of leagues run being 483,252. The tariff establishes from 0.93 franc to 0.66 franc for passengers of the first class, from 0.62 franc to 0.44 franc for passengers of the second class, and from 0.31 to 0.22 for those of the third class for each league, exclusive of food. For merchandise, according to category and according to distance, freights vary from 1.50 to 10 francs per quintal. The speed varies according to the lines from 8 to 10 knots per hour, and so also according to the line varies the capacity of the ships, *i. e.*, from 200 to 1,300 tonnage. The carriage of the mails is obligatory. Fines of from 50 to 100 francs for every hour of delay in starting and arriving not justified are established. The company is obliged to transport at half price civil and military employés and prisoners.

They possessed at the beginning of the present year ninety-two steamers, with a total tonnage of 128,330. They have in course of construction the following steamships: The *China*, of 5,000 tons, the *Japan*, of 5,000 tons, and the *Java*, of 3,600 tons, in English ship-yards; and the *Birmania*, of 3,200 tons, in Orlando's yard at Leghorn.

The subvention applies to the following lines of this company:

1.—THE SARDINIAN AND TUSCAN ARCHIPELAGO LINE.

Lines.	Leagues per voyage.	Voyages per year.	Leagues per year.	Quota per league.	Yearly payments.
					Francs.
Leghorn, Cagliari, Tunis	318	52	16,536	18	297,648
Leghorn, Civita Vecchia, Cagliari	230	52	11,960	18	215,280
Siniscola, Orosei, Tartoli, Cagliari	260	52	13,520	18	243,360
Leghorn, Portotorres	126	52	6,552	18	117,936
Leghorn, Bastia, Maddalena, Portotorres	148	52	7,696	18	138,528
Leghorn, Civita Vecchia, Maddalena, Portotorres	198	52	10,296	18	185,328
Cagliari, Muravera, Tortoli, Orosei, Siniscola, Terranova, Maddalena, Santa Teresa, Portotorres	162	52	8,424	18	151,632
Cagliari, Naples	178	52	9,256	18	161,608
Cagliari, Palermo	146	52	7,592	18	136,656
Leghorn, Gorgona, Capraia, Marciana, Portoferraio, Rio Marina, Portolongone, Pianosa, Giglio, Santa Stefano	104	52	5,408	18	97,344
Leghorn, Portoferraio	30	52	1,560	18	28,080
Portoferraio, Piombino	8	365	2,920	.....	30,000
					1,808,400

2.—THE SICILY LINE.

Lines.	Leagues per voyage.	Voyages per year.	Leagues per year.	Quota per league.	Yearly payments.
					Francs.
Palermo, Messina	82	52	4, 264	19	81, 061
Taranto, Brindisi	102	52	5, 304	19	100, 776
Naples, Palermo	112	365	40, 880	19	776. 720
Naples, Messina, Reggio, Messina	132	52	6, 864	19	130, 416
Naples, Diamante, Belvedere, Paolo, Amantea, St. Eufemia, Pizzo, Messina, Reggio, Messina	166	52	8, 632	19	164, 008
Naples, Paolo, Amantea, St. Eufemia, Pizzo, Tropea, Gioia, Tauro, Messina, Reggio, Messina	162	52	8, 124	19	160, 056
Naples, Pisciotta, Paolo, Amantea, Pireo, Reggio, Messina	154	52	8, 008	19	152, 152
Naples, Messina, Reggio, Messina, Catania, Syracuse, Malta	236	52	12, 792	19	243, 048
Palermo, Trapani, Farignana, Marsala, Pantalleria, Tunis	154	52	8, 008	19	152, 152
Palermo, Cefalu, St. Stefano, Capo d'Orlando, Patti Milazzo, Messina	88	52	4, 576	19	86, 944
Messina, Catania, Syracuse, Malta	114	52	5, 928	19	71, 136
Palermo, Trapani, Marsala, Mazzara, Sciacca, Porto, Empedocle, Palma, Licata, Terranova, Scoglitti, Pozallo, Syracuse	184	26	9, 568	19	181, 792
Messina, Lipari, Sabina	38	104	3, 952	19	75, 088
Palermo, Ustica	24	26	624	19	11, 856
Messina, Reggio	6	730	4, 380	.....	24, 000
Porto Empedocle, Lampeduso	82	52	4, 264	.....	17, 000
					2, 428, 200

3.—TUNIS, EGYPT, INDIA, CHINA LINE.

					Francs.
Tunis, Susa, Monastir, Medlisa, Sfax, Gerba, Tripoli, Malta	452	52	23, 504	14	329, 056
Genoa, Leghorn, Naples, Messina, Catania, Alexandria	920	52	47, 840	.....	300, 000
Genoa, Leghorn, Naples, Messina, Catania, Port Said, Suez, Aden, Bombay	3, 064	12	36, 768	.....	1, 080, 000
Genoa, Leghorn, Naples, Messina, Catania, Port Said, Suez, Aden, Ceylon, Penang, Singapore	4, 374	4	17, 496	32	559, 872
					2, 268, 928

4.—THE LEVANT LINE.

					Francs.
Venice, Ancona, Freniti, Viesti, Bari, Brindisi, Piraeus, Constantinople	830	52	43, 160	21	906, 360
Palermo, Messina, Catania, Piraeus	448	52	23, 296	21	489, 216
Piraeus, Salonica	176	26	4, 576	21	96, 096
Piraeus, Smyrna	140	26	3, 640	21	76, 440
Brindisi, Corfu	78	52	4, 056	21	85, 176
Ancona, Zara	58	52	3, 016	21	63, 336
					1, 716, 624

The Italian Government also pays 500,000 francs per year to the English Peninsular and Oriental line for a weekly postal service from Venice to Brindisi, and *vice versa*, under a contract by which that company obligates itself to transport the mails gratuitously between Italy and Egypt, and also to carry civil and military employés, who travel by reason of their respective services, and missionaries, at half the price established for other passengers, not only on the line subsidized but also on the company's other lines from Suez.

German Subsidies.

The subventions paid for the lines from Hamburg to Tampico, from Kiel to Koersen, from Lubeck to Malmoe, from Rostoik-Nykjoping, and from Stralsund to Malmoe, amount to 332,500 francs per year. The lines from Bremen and Hamburg to the United States are compensated on the basis of the value of the postal service rendered.

Table of subventions accorded by various European states to international steam navigation lines.

States.	Number of companies subventioned.	Average duration of concessions.	Amount of the subvention.			Average speed required.
			Per year.	Per league.	By other criteria.	
		Years.	*Francs.*	*Francs.*		*Miles.*
Austria	1	10	*5,000,000	2.85 to 10	.....	8 to 12
Hungary	1	10	375,000	.....	For 150 voyages	8 to 12
England	10	1	15,430,145	.....	According to the importance of the postal service.	9 to 12
France	2	15 to 24	32,414,457	25.90 to 45.70	.....	9 to 12
Spain	7	8 to 10	5,000,000	.....	According to the postal service.	11 to 12½
Belgium	2	15	1,000,000	.....	Guaranty of an average return.	10 to 11
Holland	4	10 to 15	1,762,500	5 to 9.75	.....	9 to 11
Germany	4	10	332,500	.....	According to postal service	9 to 10
Italy	2	12	8,639,576	†12 to 32	.....	8 to 10

* Other advantages. † According to the line.

Duncan J. Crain,
Consul.

United States Consulate,
Milan, December 5, 1882.

PART III.

TOPICS FOR DISCUSSION.

I.

TOPICS TO BE DISCUSSED AT THE CONGRESS.

The first of the several topics embraced in the law authorizing the approaching Congress, "Measures that shall tend to preserve the peace and promote the prosperity of the several American states," deserves and will receive abler treatment than can be given it by me.

THE PROPOSED CUSTOMS UNION.

The second topic, "Measures toward the formation of an American customs union, under which the trade of the American nations with each other shall, so far as possible and profitable, be promoted," is the most difficult and perplexing of any with which the Congress will have to deal. While it would doubtless be a great advantage to the United States to have free trade in American waters, such a thing is impossible because all of the nations of Central and South America depend entirely upon their customs revenue for support. Every article they import is taxed, not under the protective theory, but "for revenue only," as the governments are compelled to obtain the necessary funds to sustain themselves by imposing heavy duties upon the necessaries as well as the luxuries of life.

On the other hand, the United States, rich and powerful, taxes nothing it imports from those countries in any quantity except sugar and wools. At the same time many of those countries have the "favored nation" clause in their treaties with European governments which would prohibit them from exercising any discrimination in favor of the United States upon articles of general trade.

RECIPROCITY TREATIES.

But it still is possible for the United States to negotiate reciprocity treaties with the sugar-growing nations of South America, under which it may remove or reduce the duties on sugar in exchange for a corresponding removal or reduction of the duties on breadstuffs, provisions, refined petroleum, and lumber, which are our peculiar products, and are not exported to those countries by any other nation. In fact, these four articles constitute the great bulk of our exports to our Central and

South American customers. They buy here only what they can not buy elsewhere, simply because the absence of transportation facilities prevents a general trade.

Sugar is produced by every nation from the Rio Grande to the valley of the Rio de la Plata. None is grown in Uruguay, Chili, or the Argentine Republic, although in the northern provinces of the latter country the cane-growing is becoming quite an industry. The South American Commission found every one of these nations willing to reduce or remove the duty on the four peculiar products of the United States above named, provided the United States will remove or reduce to a corresponding degree the duty on sugar, and we can much better afford to pay two or three millions a year in bounties to our own producers than fifty millions in customs taxes. The Republics can not compete in the production of sugar with the planters of the West Indies or the European colonies, and upon the failure of the Spanish reciprocity treaty in 1884 were very anxious to have similar advantages offered them. There will be no difficulty in arranging for an exchange of concessions that will materially extend the sale of our breadstuffs, petroleum, provisions, and lumber in the countries where they are now taxed so high that they can not enter into the consumption of the common people to any extent.

THE QUESTION OF WOOL.

We obtain all our carpet wool from foreign nations. None is produced in the United States, and the greater part of our supply comes from Chili, Uruguay, and the Argentine Republic. These countries, in exchange for the removal or reduction of the duty on carpet wool, would be very glad to make concessions in favor of our breadstuffs, provisions, petroleum, and lumber; but the difficulty of carrying out such an engagement would lie in our Congress. While both political parties are pledged to a reduction or removal of the duty on sugar, the wool-growers of the United States are violently opposed to any change that will offset the wool schedule of our tariff. While they realize and admit that carpet wools are not grown to any extent in the United States, and our sheep farmers find them unprofitable, they argue that the free admission of carpet wools would injure the market for the finer grades, because the manufacturers would very soon find means of using them instead in woolens, worsteds, and other clothing. The success of the congress in this regard will depend entirely upon legislation.

TRADE NOT AFFECTED BY THE TARIFF.

It is a mistaken idea, as has already been said, that our trade with Central and South America is seriously affected by our tariff. While it is true that railroad iron and some other articles of merchandise can not be produced as cheaply in the United States as in Europe, the removal of our duties upon them would in no measure affect the South

American trade. Our manufacturers could not produce them any cheaper than they can at present. The cost of production would not be affected at all, and therefore we can not expect to command the trade of the American hemisphere in these articles as long as the wages paid to American mechanics are so much greater than those received by the working-men of Europe; but there are a thousand and one articles produced in the United States which are not affected by the tariff at all, and they can be produced and sold quite as cheaply here as anywhere else in the world, and of a superior quality, as every merchant engaged in the South American trade will testify.

Mr. John M. Carson, recently clerk of the Committee on Ways and Means of the House of Representatives, has, at my request, prepared a report upon the sugar and wool trade, which is submitted herewith, and will be found to contain many valuable facts and suggestions.

THE QUESTION OF TRANSPORTATION.

The third topic, and that which is of the greatest interest to those who are endeavoring to build up a trade with Latin America, is discussed at length in the previous chapter.

The fourth topic has been assigned to others, but I submit herewith a report from the assistant secretary of the New York Board of Trade and Transportation, which will be found to contain much practical information concerning the embarrassments met with in the Latin American custom-houses by exporters of the United States.

UNIFORM WEIGHTS AND MEASURES.

The fifth topic refers to the adoption of a uniform system of weights and measures. This can not be done unless the United States shall agree to substitute the metric system for that at present in use, as it prevails everywhere else on this hemisphere. In a report recently published by the French Government it is shown that the metric system is now obligatory in countries having an aggregate of 302,000,000 people, an increase of 53,000,000 over 1877. Countries where the metric system is authorized by law or is optional are England, the British colonies, the United States, Russia, Turkey, China, Japan, and the several nations of Central and South America, representing a total of 794,000,000 people.

THE PROTECTION OF PATENTS AND TRADE-MARKS.

That some means are necessary for the protection of American manufacturers from the forgery of their trade-marks and the infringement of their patents by European rivals will be acknowledged by every one who is engaged in trade with Central and South America, where the markets are flooded with bogus goods. But I have had great difficulty in securing information from the persons who are most interested in this subject. In my investigations I have discovered not only indif-

ference, but ignorance as to the objects of this congress, and several gentlemen who have had experience in the detection and prosecution of trade-mark forgeries and the infringement of patents have neglected to furnish the reports they promised to prepare.

I insert, however, as an appendix to this chapter, an article on this subject which recently appeared in the *New York Independent*, and it will be read with interest.

The superiority of American goods is so great that the Manchester mills send few goods to South America that do not bear forged American trade-marks. These goods are inferior to those produced in the United States and are sold for about 5 cents a yard, while the cheapest genuine American drillings cost about 7 cents. The bogus stuff is made of pipe-clay and starch upon a very thin fabric of cotton, but the material is just as well adapted to the use of the common people as the better quality, which comes from the United States and is used only by the wealthier classes.

CHEAP GOODS DEMANDED BY THE PEOPLE.

While cotton goods constitute almost the entire wearing apparel of the laboring people, men as well as women, and as they seldom wash their garments, the pipe-clay stuff is just as good and wears perhaps a little better than the genuine article. The merchants complain that they are compelled to order goods from Manchester bearing this fraudulent trade-mark, because the people demand that quality, and also insist upon having American goods. If our mills would enter into competition with those of England in the production of this material they would find it a profitable trade.

These cottons are required by the prevailing laws of trade and the tastes of the people to be of a certain length and a certain width, so as to cut with economy, as the native requires just so many yards to the piece; the price is also fixed by the unwritten law of custom, and if a merchant sells a wider piece of goods than they are accustomed to buy he can get only the same price that the narrow piece will bring. The merchants complain that they do not get their cotton from the United States as ordered; very often receiving something similar, but essentially different. The slightest variation from the sample makes the goods unmarketable, and subjects the importer to a loss.

THE EXPERIENCE OF A NEW YORK FIRM.

A member of the firm of Smith, Hogg & Gardner, of New York, with whom I recently conversed, said:

"We have experienced considerable trouble from the manufacturers in Manchester who have infringed our trade-marks, and once or twice we have succeeded in obtaining judgments against them; have recovered damages and costs, and have compelled them also to publish the fact that they had infringed upon our rights."

"In what country was this?"

"The counterfeit goods were sold mostly on the west coast of South America, I think."

"In what courts were the suits brought?"

"I think in England."

"How could you bring the suits in the English courts?"

"The manufacturer of the goods stamped them in Manchester, sold them in Manchester, and delivered them there."

"Some of the South American countries protect you, and others do not protect you at all. We want to find out what countries protect you and what countries don't."

"Protection down in Brazil; what does it amount to? They don't make anything there to compete with us. Here is a case I am working up now. There is a class of goods made in Massachusetts known throughout Brazil as 'Gilt B;' and orders come from Brazil for 'Gilt B;' so the English manufacturers attach imitation of our trade-mark."

"Have you ever tried to collect damages?"

"Yes; we have, and have succeeded."

"Where would you collect them?"

"In Manchester. The manufacturers of the counterfeit goods are selling their goods all the time, although we have great difficulty in definitely locating the forgeries. Every time we do find an infringement we have no trouble in collecting damages."

THE FORM OF THE FORGERIES.

The original goods, the infringement of the trade-mark upon that is here complained of, bear a red enamel ticket with a large gilt B stamped in the middle of it, and read "Massachusetts Drillings, warranted Indigo Blue. Lowell Bleachery and Dye Works," with the number of yards indicated in the corner. The fraudulent goods are marked in exactly the same way. The same kind of type is used, with the same kind of paper, and the trade-mark is imitated so that no one but the manufacturers of the goods can identify the difference. Other fraudulent goods bear similiar tickets, reading "Massachusetts Drillings," "Warranted Indigo Blue," with a large gilt "B" also printed upon them. Others bear the name of the maker in Massachusetts.

About a year ago the house of Smith, Hogg & Gardner sued Jaffey & Co., of Manchester, England, for infringement of their trade-mark of a flying-horse upon shirtings. The fraudulent goods bore an exact counterfeit of the picture of a flying-horse or stag, which had been adopted by the Massachusetts mills of Lowell for their sheetings and shirtings, and below the figure are the words "Massachusetts Shirtings," and the letter "C," or other letters indicating the different grades or qualities of goods. These were imitated, and large quantities sold all over South America. The suit was brought in the English courts, and judgment was obtained.

TRADE-MARK FORGERIES IN BRAZIL.

The Rio News of the 14th of January last, in speaking of the infringement of the law of 1887 for the protection of trade-marks, says:

Nothing can be more clearly just than that the merchant or manufacturer has an exclusive right to the use of a name and the reputation established by his own efforts. A well-known illustration of this is to be found in the efforts made by the Singer Sewing Machine Company to protect their trade name. Certain unscrupulous manufacturers and merchants have not been content with the free use of the trade name which the Singer company is using. A number of these spurious Singer machines is very large, and their sale has thus far been unprotected by the failure of the legislature to make a clear distinction in favor of the manufacturer. The new Brazilian law, however, makes this distinction, and prospects are that full protection will hereafter be given under its provisions.

THE PROPOSED INTERNATIONAL COIN.

The sixth topic, which related to the adoption of a common silver coin, is discussed briefly by Mr. Carson, whose report is submitted herewith.

THE LACK OF BANKING FACILITIES.

Involved in this question is the very important one of banking facilities and credits, the improvement of which, however, is impossible without direct and regular steam-ship communication. It would result in the saving of from one to one and a half million dollars annually, which is now paid out in the form of exchange to the bankers of England. We pay a toll of one-half or three-quarters of a cent to the bankers of London upon almost every dollar's worth of trade we transact with Latin America, and every transaction is computed in pounds, shillings, and pence, instead of in our own money.

It is just this way [said the Hon. William R. Grace, of New York, recently]: Supposing I want to buy a cargo of goods in any South American country. I say nothing about the West Indies, for I do not trade there, and I know nothing about what the arrangements are there, but of South America I know considerable. Of course, if I buy my cargo, I must pay for it. Now, there is practically only one way in which I can do it. I must send a draft on London, or rather I send to my South American correspondent a written authority to draw on a London bank. Of course I have to keep an account in London to do this, and the London banker charges me a commission for doing this kind of business, so that it is a constant expense to me.

The obviously simple way for me to pay would be to authorize the South American merchant to draw on me directly, but I can not do this for a simple reason. Europe has the bulk of the trade of the world, and especially the bulk of the South American trade, and London is the monetary center of Europe. The South American does not buy in the United States a sufficient quantity of goods to make a draft on New York valuable to him. He does not want his money placed here, for it will cost him some trouble and some expense to transfer it to London, where he has to meet his payments. Therefore I have to do it for him.

THE TESTIMONY OF AN EXPERT.

Mr. Charles R. Flint, who is a delegate to the International Congress, said:

There are Spanish-American products imported into the United States amounting in the aggregate to $181,000,000. Products of the United States exported to the

South American nations aggregate $69,000,000. Naturally it would be supposed that the value of all the exports from the United States would be to their extent an offset in the liquidation of the traffic. As a matter of fact, only rather less than more than $45,000,000 is liquidated in this manner or through North American financial institutions. The remainder, $136,000,000, is paid by drafts at ninety days on North American merchants upon London banks or bankers, which, after acceptance, become immediately available for the purchase of European products. The North American merchants' further responsibility consists merely in having the cash in London before the date of maturity. English bankers charge three-quarters per cent. for this accommodation. Thus, on the $136,000,000 liquidated in this manner the English banker's profit is a round million dollars.

THE OPINION OF AN ENGLISHMAN.

Capt. Archibald P. King, an English banker, now visiting this country, in speaking of the coming conference, said to a reporter of Export and Finance:

I am glad that American merchants are waking up and beginning to realize the short-sighted policy of their Government toward foreign commerce and banking. The banker's commission on the trade between the two Americas is the smallest ele, ment in the premises, amounting to less than £400,000. The use of the money-which aggregates a hundred times as much as the commission, is far more important and profitable.

Weightier still is the influence of banking facilities upon commerce itself. In the fierce competition of modern trade the fraction of a cent will make one manufacture succeed and its rival in some country fail. In cotton textiles there is a struggle between English and American looms for the markets of the world. In many South American cities the former prevail on account of the excellent banking facilities between them and London, and the total absence of such facilities between them and New York. A similar state of affairs obtains in other industries. In axes, hatchets, spades, and shovels there is a heavy competition between America, England, Belgium, and Germany. In petroleum and its products there is beginning to be a rivalry between the States and Russia. In clocks, machine-made watches, small hardware, and what you call "notions" there is the same fight. An increase in banking facilities between New York and its foreign customers would benefit every manufacturer, and by enlarging the margin of profit would enable the latter to extend his trade and find markets which are now utterly unavailable.

THE VIEWS OF A BANKER.

Mr. J. Edward Simmons, president of the Fourth National Bank of New York, said recently:

It is a standing disgrace to American statesmen that South and Central America should do their banking and draw their supplies from European banking and commercial centers. There is very little that they need from outside their own boundaries that this nation is unable to furnish them as cheaply and as well made as they can get elsewhere. As far as I have given the subject attention, our failure to absorb that trade is not due to lack of enterprise in our merchants and manufacturers, but simply to our inability to deliver goods in their ports with as small freighting charges as are imposed by the ships of other nations. It is the old story of throwing a stone in a pool. In this case the point where the stone plunges and the resulting waves are largest is the ship, but every trade and industry feels the effect. It is about time that the general commercial interests of the country were freed from the shackles which were imposed to encourage the industry of ship-building. If the com-

ing Congress of Nations accomplishes any good results, as I believe it will, in my judgment it will be in the direction of presenting this question in such a shape that there will be no more toll-taking by a few ship-builders. Moreover, the matter of subsidy concessions will be less abhorrent to American statesmen.

OPINION OF ANOTHER BANK PRESIDENT.

Said Mr. George S. Coe, president of the American Exchange National Bank:

There is obviously some maladjustment of relations which enables English bankers to take $1,000,000 toll out of the exchange of products between Spanish Americans and the United States. It is to be hoped that the coming Congress of the Nations of the three sister continents will be able to ascertain the friction point and suggest a remedy As far as my impression goes the trouble lies in our navigation laws, which virtually renounce all but coastwise freightage for foreign vessels. I know that several very important public exigencies contributed to making those laws tolerable at the time they were enacted. Still, the nation has grown so marvelously since that what was hardly tolerable then is now more than intolerable. Commerce extends its benefits to so many industrial interests that I am persuaded that the true national interest lies in encouraging it by the removal of restrictions, and even by subsidies, which other nations employ to great advantage.

II.

SUGAR TRADE OF THE UNITED STATES.

By JOHN M. CARSON, *late Clerk Committee on Ways and Means, House of Representatives.*

Sugar has formed from the earliest period one of the most important single commodities in our import trade. For the past four years the average quantity imported annually was 2,886,073,485 pounds, and the average value $72,440,916. During the same period the annual average value of all dutiable merchandise imported was $429,728,743, so that the single item of sugar was equal to one-sixth of all the dutiable merchandise imported. The importation from the Sandwich Islands is not included in the figures above given. The importation of sugar is entirely from Spanish-American countries, with the exception of that received from Hawaii. Adding the receipts of this free sugar from the Sandwich Islands makes the average quantity annually imported for the four years ending with June, 1888, over 300,000,000 pounds, and the average annual value nearly $82,000,000.

The importance of sugar to the revenues is shown by the fact that during the four years stated the annual average amount of duty collected on imported sugar was $52,076,491; the average of the total duty collected during that period from all the merchandise imported being $199,456,654, thus showing that the duty derived from sugar was equal to more than 25 per cent. of the entire revenues of the Government derived from imported merchandise.

OUR IMPORTS OF SUGAR.

Sugar is imported mainly from Mexico, the West Indies, and South America. Out of the total import during the fiscal year 1888, which amounted to 2,700,248,157 pounds, valued at $74,243,554, there was received from Spanish-American countries 2,103,678,668 pounds, valued at $56,139,239; so that it may be said that the importation of sugar into the United States is confined mainly to the Spanish-American countries.

The importation of molasses from the West Indies and South America forms a separate item. This molasses comes mainly from Cuba. The aggregate importation will average about 36,000,000 gallons per annum, with an average value of about $6,000,000.

Last year there was received from the Hawaiian Islands 228,540,513 pounds of sugar, valued at $10,260,048, and from Germany there was received 61,949,752 pounds of beet sugar, valued at $1,594,766.

While sugar is received from fourteen of the Spanish-American countries, more than one-half of the entire importation comes from the island of Cuba.

SUGAR IMPORTED FROM SPANISH AMERICA.

A table is appended which shows the quantities and value of sugar imported during the year ending June, 1888, from the various countries:

Sugar imported for the year ending June, 1888, *from the countries named.*

Countries.	Quantity.	Value.
	Pounds.	*Dollars.*
Brazil	305, 866, 337	6, 752, 555
Guatemala	4, 620, 255	176, 905
San Salvador	3, 076, 850	85, 607
Danish West Indies	11, 103, 826	295, 312
French West Indies	5, 706, 337	109, 859
British West Indies	302, 596, 709	6, 936, 995
British Guiana	94, 914, 020	2, 813, 992
British Honduras	928, 873	23, 761
Hayti	534, 220	15, 104
Mexico	614, 574	14, 543
San Domingo	44, 793, 992	1, 248, 544
Cuba	1, 209, 170, 332	34, 545, 116
Porto Rico	115, 653, 809	2, 997, 713
Colombia	4, 094, 845	123, 047
Venezuela	3, 719	186
Total	2, 103, 678, 668	56, 139, 239

Total imported from all countries.

	Pounds.	*Dollars.*
Cane sugar	2, 409, 757, 892	62, 388, 740
Beet sugar	61, 949, 752	1, 594, 766
	2, 471, 707, 644	63, 983, 506
From Hawaiian Islands	228, 540, 513	10, 260, 048
Total	2, 700, 248, 157	74, 243, 554

Sugars above No. 13 are not included in the above tables. These amounted to 36,125 pounds, valued at $1,642.

SUGAR TRADE WITH HAWAII.

In connection with the importation of sugar from Spanish-American countries, which, as has been shown, pay over 25 per cent. of the customs revenue collected by the Government, the growth of the importation of sugar free of duty from the Sandwich Islands will be of interest. The importation from these islands shows a steady increase. Thus in 1879 the total importation was 41,696,674 pounds, valued at $2,811,675, while in 1888 this had grown to 125,158,677 pounds, valued at $7,108,877; an increase of 200 per cent. During the last four years the average annual importation of sugar from the Hawaiian Islands exceeded 200,000,000 pounds and the value $9,220,445.

IMPORTS FROM THE HAWAIIAN ISLANDS.

The growth of this trade is shown in the annexed table, which exhibits the quantities and values of sugar imported from Hawaii for the eleven years ending June 30, 1889:

Years.	Quantity.	Value.	Years.	Quantity.	Value.
	Pounds.	*Dollars.*		*Pounds.*	*Dollars.*
1879	41, 696, 674	2, 811, 096	1885	169, 652, 603	8, 198, 404
1880	61, 556, 708	4, 137, 058	1886	191, 623, 175	9, 166, 826
1881	76, 907, 247	4, 928, 424	1887	218, 290, 835	9, 255, 351
1882	106, 181, 858	6, 923, 608	1888	228, 540, 513	10, 260, 800
1883	114, 132, 670	7, 304, 044	1889	243, 324, 683	12, 078, 518
1884	125, 158, 677	7, 108, 777			

The admission free of duty of sugar grown in Hawaii was the means of destroying the sugar trade between San Francisco and the countries of South America bordering on the Pacific Ocean, and in some of those countries caused large financial loss through the abandonment of sugar plantations. The total commerce of Hawaii with the United States in 1888 amounted to $14,000,000, of which $11,150,379 was received from the Islands and $3.025,878 sent them in return. It will be noticed that sugar constitutes nearly all the merchandise received from Hawaii, and may be said to constitute the volume of trade between the two countries.

EXPORT OF REFINED SUGAR.

The value of refined sugar exported during the year ending June, 1888, was $2,184,788, which was the lowest since 1882 and is only equal to one-fifth of the exportation for the preceding year. For the five years ending with June, 1888, there was exported about $46,000,000 worth of refined sugar, of which a large quantity went to the Spanish-American countries. One-third of the exportation for the last year went to those countries. In addition to the exports of sugar, the value of molasses annually exported is about a million dollars.

The total export of domestic sugar to Spanish-American countries for the fiscal year 1888 was about 12,000,000 pounds, valued at about $800,000.

Chili, Mexico, the Central American States, British West Indies, Hayti, British Columbia, and the United States of Colombia are the largest purchasers of our exported sugar, the amount purchased by the several countries named varying from $40,000, in the case of Central America, to $227,000, in the United States of Colombia, which is the largest purchaser.

The total exports of domestic refined sugar to all countries for the year 1888 was 34,505,311 pounds, valued at $2,184,788. The proportions that went to the Spanish-American countries will be seen by the annexed table.

Refined sugar exported to Spanish America for the year ending June, 1888.

To—	Quantity.	Value.
	Pounds.	*Dollars.*
Argentine Republic	584	38
Central America:		
Costa Rica	164, 610	11, 843
Guatemala	11, 319	774
Honduras	171, 434	11, 919
Nicaragua	219, 477	14, 892
San Salvador	370	23
Chili	1, 053, 517	68, 944
Danish West Indies	109, 711	7, 716
Ecuador	25, 957	1, 811
French West Indies	3, 600	250
French Guiana	129, 402	8, 483
British West Indies	2, 038, 213	139, 480
British Guiana	10, 319	690
British Honduras	103, 313	6, 676
Hayti	1, 252, 743	83, 519
Mexico	842, 298	58, 123
Dutch West Indies	121, 303	8, 860
Dutch Guiana	5, 766	375
Peru	733	45
San Domingo	265, 209	18, 603
Cuba	1, 658	100
British Colombia	1, 617, 183	94, 951
Porto Rico	21, 385	1, 539
United States of Colombia	3, 178, 283	227, 324
Uruguay	15, 034	1, 175
Venezuela	521	34
Total	11, 363, 942	768, 187
Brown domestic	140, 346	7, 469
Brown foreign	439, 740	10, 313
Total	11, 943, 028	785, 969

Domestic sugar, molasses, and confectionery exported to all countries for the year 1888.

Description.	Quantity.	Value.
	Pounds.	*Dollars.*
Refined sugar	34, 505, 311	2, 184, 788
Brown sugar	140, 846	7, 502
Confectionery	.....	155, 521
Total	34, 646, 357	2, 347, 811
Molasses, gallons	7, 226, 128	1, 031, 185

Of the $155,521 worth of confectionery exported, the South American countries purchased $56,000, or more than a third; and of this the Island of Cuba purchased about $17,000, or nearly one-third of the entire amount exported to Spanish America. The British West Indies, Mexico, and Colombia each purchased over $6,000 worth, Central America over $5,000 worth, and Venezuela about $5,000 worth.

FLUCTUATIONS OF THE EXPORT TRADE.

The export of refined sugar from the United States for the ten years ending June 30, 1889, presents some interesting features and will be of interest to those who produce the brown sugar as well as to those who export the refined article. Beginning with 1880 the export was 30,000,000 pounds, which dropped to 22,000,000 pounds in 1881 and to 13,761,000 pounds in 1882. The following year it was doubled, in-

creased to 75,920,734 in 1884, and in 1885 reached the highest point ever known, the quantity being 252,579,077 pounds and the value over $16,000,000. This exceeded the entire quantity of sugar produced in the United States for that year. In 1886 there was a falling off to 164,339,967 pou ds.. The following year shows an increase to 190,672,-154 pounds. Then came a drop to 34,505,311 pounds, and a greater drop in the year ending June, 1889, to 14,000,000 pounds, the lowest since 1882. For the ten years the annual average was 82,511,399, and the average value $5,519,422. The exports for the last two years combined did not equal this average.

The annexed table shows the total exports of refined sugar for the ten years ending June 30, 1889:

Years.	Quantity.	Value.	Years.	Quantity.	Value.
	Pounds.	*Dollars.*		*Pounds.*	*Dollars.*
1880	30, 125, 146	2, 217, 563	1887	190, 672, 154	11, 435, 765
1881	22, 227, 857	2, 049, 982	1888	34, 505, 311	2, 184, 788
1882	13, 761, 069	1, 335, 689	1889	14, 167, 216	1, 070, 236
1883	26 815, 463	2, 454, 210			
1884	75, 920, 734	5, 402, 493	Total	825, 113, 994	55, 194, 222
1885	252, 579, 077	16, 071, 767	Annual average.	82, 511, 399	5, 519, 422
1886	164, 339, 967	10, 972, 729			

REQUIREMENTS FOR HOME CONSUMPTION.

The relation that the Louisiana sugar sustains to that imported will be better understood and realized by giving the figures for each. The figures here given are for the year ending June 30, 1888. During that year the quantity of sugar imported was 2,700,248,157 pounds, and the quantity produced in Louisiana and other Southern States was 375,904,197 pounds.

The annual per capita consumption of sugar in the United States has averaged for the five years ending with June, 1888, 52 pounds. The production in the United States last year was equal to a fraction over 6 pounds per capita, and the crop for 1888 was the largest since 1862, when it reached about 540,000,000 pounds. It will thus be seen that the native crop is at the present time equal to only one-ninth of the actual requirements for home consumption.

Reducing to tons the quantity of sugar consumed in the United States for the year 1888, it is found to equal 1,469,997 tons (2240 pounds), of which the domestic production was 189,814 tons, which includes 20,000 tons of maple sugar, 1,640 tons of beet, and 360 tons of sorghum.

The consumption of sugar in the United States must increase with the increase of population. Whatever may be the possibilities of the future, it can not be expected that the home production will equal the consumption for many years to come. Indeed it may be considered very doubtful whether the domestic crop of cane sugar will ever exceed 10 pounds per capita of the population of the United States, which is less than one-fifth of the present consumption. The United States

therefore, for many years, and perhaps for all time, so far as cane sugar is concerned, will necessarily depend upon the sugar-growing countries of Spanish America for this commodity. The successful development of sorghum and the sugar-beet in this country may change the present conditions, but until a change takes place it is suggested that the United States should enter into such treaties with Spanish America, or enact such laws as will enable the people of this country to purchase a staple as necessary almost as flour in the daily economies of life, without being required to pay a duty to the custom house nearly equal to the value of the sugar. The annexed table shows the consumption in 1888 of sugar in the United States in tons (2,240 pounds to the ton); also the quantities of domestic and imported respectively which entered into consumption:

Imported	tons..		1,280,183
Domestic:			
Cane	tons..	167,814	
Maple	do..	20,600	
Beet	do..	1,640	
Sorghum	do..	360	
			189,814
Total			1,469,997
Consumption per capita	pounds..		53.1
Domestic production per capita	do..		6.11

DUTIES COLLECTED ON SUGAR.

The relation that the present duty on sugar bears to its value will be more readily understood by showing the value of sugar imported for the four years ending with June, 1888, and the duties collected thereon. The present rate of duty went into effect July 1, 1883, but it is probable that the full force of the law was not felt until the fiscal year 1885, although it appears that the duty collected for the fiscal year 1884 exceeded that collected the preceding year by $3,000,000, which is explained, perhaps, by the fact that there was an increase in the importations over the preceding year of more than 500,000,000 pounds. For the year 1884 the importation was valued at $96,753,419, upon which there was collected $47,500,750.

The annexed table shows the values and duties collected for the four years ending June 30, 1888, upon sugar imported into the United States:

Years.	Value.	Duties.
1885	$68,531,495	$50,885,916
1886	77,218,135	50,265,538
1887	74,519,607	56,507,496
1888	64,009,748	50,647,014
Total	284,278,985	208,305,964
Average per year	71,069,746	52,076,491

The importation for the year ending June 30, 1889, was above the average, having reached 2,518,848,901 pounds in quantity and $76,502,-023 in value.

THE ARGENTINE REPUPLIC AND URUGUAY.

An examination of the quantities and values of sugar exported to the Argentine Republic and Uruguay during the past ten years shows a steady decline. This is more marked in the trade with the Argentine Republic. As will be seen by the table given on a preceding page the export of sugar to that country during the year 1888 dropped to figures that are not worthy of mention, except for purposes of comparison. From 1875 to 1881, both years inclusive, the export of refined sugar to the Argentine Republic varied from 1,000,000 to 5,000,000 pounds annually. For the year 1879 it rose to 5,632,623 pounds, valued at $481,-000, which was equal to 23 per cent. of the total exports to that country from the United States for that year. For the year 1881 the export was 3,326,840 pounds. It suddenly fell the following year to 261,133 pounds, rose to 758,551 pounds for 1884, and did not reach those figures any year since.

For the seven years ending with June 30, 1881, the export of refined sugar to the Argentine Republic aggregated 21,061,012 pounds, valued at $2,038,873, which gives an annual average of over 3,000,000 pounds, and an average value of nearly $300,000. Compare this with the export for the seven years ending June 30, 1888, for which period the aggregate quantity was 2,585,295 pounds, and the value $188,913, and it will be seen that the aggregate exportation of refined sugar to the Argentine Republic for the past seven years was considerably below the annual average for the seven years preceding 1882. These figures are the more suggestive and significant in view of the fact that the Argentine Republic has largely increased its commerce and population, and materially developed its great material resources since 1875, the exports from the United States alone having increased from $1,439,618 in 1875 to $6,643,553 in 1888.

STEADY FALLING OFF IN THE TRADE.

Similar results are found in the export of refined sugar to Uruguay. The fluctuations were marked between 1870 and 1881. For the year 1881 the exportation was valued at $224,740. Since then it has steadily declined until, like that of the Argentine Republic, the export of refined sugar to Uruguay has almost dwindled out of sight.

While the export of refined sugar to the Argentine Republic and Uruguay has declined to insignificant figures the past two years, it is worthy of notice that the entire export of this commodity has had a very large decline. Small as it was in 1888, it was still smaller for the year ending June 30, 1889, the figures being 14,167,216 pounds, valued at $1,070,236. Compared with 1888, however, there was no diminution

in the aggregate quantity sent to Spanish American countries. The large falling off is explained by the fact that Great Britain, which received nearly 16,000,000 pounds in 1888, received only 527,111 pounds the last fiscal year.

GROWTH OF BEET SUGAR.

There can be no doubt that the beet sugar of Europe, the manufacture of which is steadily increasing, is displacing the cane sugar of America. For the year ending June 30, 1889, the quantity of beet sugar imported into the United States reached 243,474,041 pounds, against less than 62,000,000 pounds during the preceding year. This is a more serious question to the cane-sugar-growing countries than to the United States. The United States furnishes the principal market for cane sugar, and requires a large proportion of the annual importation for home consumption. Every ton of beet sugar received here from Europe displaces a ton of cane sugar grown in Spanish America. The South American countries must have refined sugar, and a sound public policy as well as a desire to protect their own crop should induce the people of those countries to purchase from the United States their own sugar in the refined form rather than the beet sugar of Germany, France, and Belgium.

SUGAR IMPORTS FROM BRAZIL.

The importation of sugar into the United States from Brazil averages about $7,000,000 per year, yet Brazil receives no refined sugar from the United States worthy of being recorded specifically in the official commercial reports, and the Argentine Republic and Uruguay are now also supplied from European markets. It is probable that some of the sugar thus received is cane sugar exported from the United States to Europe, which finds entrance to South America through the superior transportation facilities established between Europe and South America. While this fact furnishes an argument for the establishment of regular and rapid communication between the two American continents, the people of South America should not lose sight of the more important fact to them, that to encourage the beet-sugar industry of Europe is certain to operate against the value and the development of their crop of cane sugar.

During the years 1880 and 1881 the Argentine Republic received from the United States 6,400,000 pounds of refined sugar. In 1882 there was exported to that country from the United States only 261,133 pounds. Since then the annual export has fluctuated, rising to 758,000 pounds in 1884, dropping to 584 pounds in 1888, and again rising to 32,452 pounds for the year ending June 30, 1889. For the past ten years the aggregate exportation was 9,027,681 pounds, nearly two-thirds of which were exported in 1880 and 1881. These figures are taken from United States custom-house reports. The vessels which carried this merchandise cleared for Argentine ports, but some of it undoubtedly

was delivered to Uruguay and other neighboring countries, and doubtless was transshipped to the Argentine Republic.

EUROPEAN SUGAR IN SOUTH AMERICA.

But it is plainly apparent that the beet sugar of Europe is gaining ground in America, and particularly south of the equator. From official returns of the Argentine Government it appears that the imports of sugar from France, Germany, Holland, and Belgium have steadily and largely increased the past few years. Thus in 1880 there was received from Belgium 6,000,000 pounds; France, 7,000,000 pounds; Germany, 945,000 pounds; Holland, 3,000,000 pounds. In 1887 there was received from Belgium 13,000,000 pounds; France, 22,000,000 pounds; Germany nearly 6,000,000 pounds, and Holland, nearly 3,000,000 pounds. Large as these figures are, they were exceeded in 1884, when the imports from the four countries named reached 54,000,000 pounds, while there was received the same year from the United States only 17,000 pounds.

In the seven years ending with the Argentine fiscal year 1887 the aggregate imports of sugar was 329,962,094 pounds, of which 89 per cent. was received from Europe, the aggregate imported from the United States being 7,228,182 pounds, against 293,000,000 received from Europe. In the same period over 24,000,000 pounds were received from Uruguay. As Uruguay received during the last nine years less than 6,000,000 pounds from the United States, it follows that a very large proportion of the 24,000,000 pounds exported to the Argentine Republic was from Europe. It can not be reasonably claimed that any considerable quantity of European sugar received in the Argentine Republic from Europe was cane sugar exported from the United States, because the beet-producing countries of Europe receive comparatively small quantities of refined sugar, and the sugar exported to the Argentine Republic from England for the period above named, which country receives the bulk of the refined sugar exported from the United States to Europe, was only 7,087,830 pounds.

THE SALES OF REFINED SUGAR IN BRAZIL.

What is true of the sugar trade of the Argentine Republic is true also of that of Brazil and Uruguay. In the ten years ending June, 1889, less than 150,000 pounds of refined sugar went from the United States to Brazil, and about 5,600,000 pounds to Uruguay. The export of sugar to those two countries from the United States has practically ceased for the past three years. As before intimated, it is probable that the lack of direct, regular, and frequent steam-ship communication between the two American continents is largely responsible for the steady and rapid growth of the sugar trade between South America and Europe. With direct lines of steam-ships it is reasonably certain that the United States would supply that continent with the bulk of the refined sugar consumed there.

The fact that the Argentine Republic alone purchases about 40,000,000 pounds of refined sugar shows the extent and value of this one commodity as an article of commerce, and should suggest to the United States authorities the importance of doing something to establish and maintain rapid ocean communication with the Spanish-American countries.

STRUGGLE BETWEEN THE BEET AND THE CANE.

There is another and equally important consideration in this connection. The maintenance and extension of the manufacture of refined sugar in the United States, and the continuance of the profitable cultivation of sugar cane in the West Indies, Central and South America are involved. In America at least it promises to become a struggle between the sugar-beet of Europe and the sugar-cane of the American continents, and unless something be speedily done reciprocally by the governments and people of America to protect sugar-cane and the manufacture of refined sugar, there is danger that beet sugar grown and manufactured on the European continent will become supreme in all the countries of South America and exclusive in a number of them. As previously stated, the United States now exports to South America and the West Indies about 12,000,000 pounds of refined sugar annually, while Europe exports to the Argentine Republic alone three times that amount. The shipments of refined sugar from France to the Argentine Republic now exceed in quantity and value the aggregate of that shipped to all the Spanish American states, and has done so since 1881.

SUGAR TRADE IN THE ARGENNINE REPUBLIC.

The extent of the exports of refined sugar from Europe to South America will be seen from the annexed table, which shows the quantity in pounds received in the Argentine Republic for the eight years ending with the Argentine fiscal year 1887, from the United States, Uruguay and other South American countries, and countries of Europe.

Quantity of refined sugar imported into the Argentine Republic for the eight Argentine fiscal years ending with 1887, and from what countries imported.

[From Argentine official reports.]

Years.	United States.	Uruguay.	Europe.	Brazil, etc.	Total.	
	Pounds.	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*	*Dollars.*
1880	1,738,299	301,216	18,981,637	.....	21,021,152	1,618,757
1881	4,535,083	1,240,294	28,731,119	2,265,758	36,772,254	2,846,598
1882	108,294	2,603,630	29,749,852	45,430	32,507,206	2,754,125
1883	150,250	3,034,427	40,887,931	170,460	44,243,068	3,739,834
1884	17,194	4,505,655	58,518,669	.....	63,041,518	5,148,132
1885	59,744	3,256,798	35,438,855	890,079	39,645,476	3,207,751
1886	329,671	5,344,896	34,539,881	3,907	40,218,355	3,334,821
1887	289,647	4,069,482	46,152,604	1,332	50,513,065	4,201,038
Total	7,228,182	24,356,398	293,000,548	3,376,966	329,962,094	26,851,056

The growth of the sugar trade between Europe and South America may be inferred from the annexed table, which shows the quantities and values of refined sugar imported into the Argentine Republic from the several countries named for the Argentine fiscal years 1880 to 1887:

Years.	Belgium.		France.		Germany.	
	Pounds.	*Dollars.*	*Pounds.*	*Dollars.*	*Pounds.*	*Dollars.*
1880	6,001,274	461,152	6,909,603	540,498	945,103	78,580
1881	6,462,759	653,336	10,510,9[illegible]0	763,296	3,135,589	242,529
1882	5,185,541	408,804	14,073,344	1,093,762	3,741,376	317,191
1883	4,686,525	378,499	20,009,748	1,751,009	10,072,539	833,250
1884	7,433,349	621,610	27,454,014	2,186,339	9,628,853	1,047,386
1885	8,005,054	659,159	16,283,186	1,328,912	6,382,058	484,267
1886	7,044,144	585,823	15,871,449	1,319,997	2,374,458	197,475
1887	13,374,464	1,110,036	21,983,633	1,828,350	5,605,066	466,173

Years.	Holland.		Italy.		Spain.		Great Britain.	
	Pounds.	*Dollars.*	*Pounds.*	*Dollars.*	*Pounds.*	*Dollars.*	*Pounds.*	*Dollars.*
1880	2,964,993	216,201	22,385	1,715	43,055	3,298	1,955,390	148,848
1881	3,869,655	282,812	214,764	17,166	58,193	4,585	1,289,448	97,568
1882	4,976,554	580,404	.....	.....	.....	.....	295,031	22,765
1883	3,167,728	259,106	42,496	3,346	.....	.....	1,010,110	83,633
1884	9,491,182	589,382	50,706	4,217	148,899	5,050	645,555	47,626
1885	4,347,706	360,800	1,433	82	.....	.....	199,021	16,040
1886	7,000,635	582,198	.....	.....	.....	.....	935,431	77,797
1887	2,987,348	248,448	123,071	10,285	366,074	30,445	757,844	63,028

III.

THE WOOL TRADE OF THE UNITED STATES.

By JOHN M. CARSON, *late Clerk Committee on Ways and Means, House of Representatives.*

The importation of wool into the United States, of all grades, for the six years ending June 30, 1889, which covers the entire period of the operations of the present tariff act (March 3, 1883), aggregated 632,116,290 pounds, valued at $88,296,931. Of this total quantity 450,641,969 pounds were carpet wools, the wools of this class constituting 71.3 per cent. of the entire importations for the six years. Prior to the passage of the present tariff law imported wools were not classified in the Treasury Report on Commerce and Navigation, but a classification is made in the tables furnished in the annual reports showing the quantities and values of merchandise entered for consumption. The annexed table shows the quantities, in pounds, of each of the three grades of wool imported into the United States for the six fiscal years ending June 30, 1889:

Year.	Clothing.	Combing.	Carpet.	Total.
1884	21, 175, 228	4, 414 252	52, 761, 170	78, 350, 650
1885	11, 475, 889	2, 780, 751	56, 339, 530	70, 596, 170
1886	40, 968, 537	7, 198, 534	80, 917, 887	129, 084, 958
1887	17, 963, 982	10, 721, 753	85, 352, 295	114, 038, 030
1888	23, 039, 679	5, 639, 528	84, 879, 546	113, 558, 753
1889	29, 226, 317	6, 869, 871	90, 391, 541	126, 487, 729
Total	143, 849, 632	37, 624, 689	450, 641, 969	632, 116, 290

IMPORTS OF VARIOUS GRADES OF WOOL.

During the four fiscal years preceding the period above tabulated the aggregate inportation of wools was 322,532,905 or an annual average of 80,633,226 pounds against an annual average of 105,352,715 pounds during the past six years. A comparison of the two periods named shows that the annual increase in the importation of the two higher grades since July 6, 1883, was only about 3,300,000 pounds per annum in clothing-wool, and about 1,000,000 pounds in combing-wool, while the increase in carpet wools was equal to an annual average of over 38,000,000 pounds. In order that comparisons may be intelligently and correctly made between the importations of wool prior to and since the

passage of the present tariff law, tables are annexed showing quantities and values and amount of duty collected on the several grades of wool entered for consumption the past twelve years, which include six years under the present and six years under the preceding tariff.

Year ending June 30—	Class No. 1.—Clothing wools.			Class No. 2.—Combing wools.		
	Quantity.	Value.	Amount of duty received.	Quantity.	Value.	Amount of duty received.
	Pounds.	*Dollars.*	*Dollars.*	*Pounds.*	*Dollars.*	*Dollars.*
1878	9,916,012	2,431,043	1,273,479	3,028,869	969,683	425,220
1879	5,229,987	1,114,301	647,340	1,709,601	413,761	218,410
1880	26,785,172	6,412,273	3,512,896	13,266,856	3,801,730	1,783,362
1881	20,609,707	4,751,454	2,599,686	4,421,491	1,271,332	585,502
1882	13,489,923	3,042,407	1,693,0[illegible]8	2,318,671	648,252	304,130
1883	11,546,530	2,567,443	1,444,949	1,373,114	343,987	176,183
1884	20,703,843	4,700,605	2,111,279	4,474,396	1,058,758	451,521
1885	13,472,432	2,994,533	1,357,102	3,891,914	921,252	394,901
1886	23,321,758	4,344,189	2,437,049	4,872,739	1,106,116	490,910
1887	23,195,734	4,339,498	2,395,537	9,703,962	2,270,058	974,179
1888	16,952,513	3,648,779	1,789,348	5,568,068	1,322,862	562,198
1889	29,226,317	5,971,246	.....	6,869,871	1,586,079	.....

Year ending June 30—	Class No. 3.—Carpet wools and other similar wools.			Total wools.		
	Quantity.	Value.	Amount of duty received.	Quantity.	Value.	Amount of duty received.
	Pounds.	*Dollars.*	*Dollars.*	*Pounds.*	*Dollars.*	*Dollars.*
1878	26,856,280	3,594,640	1,015,697	39,801,161	6,995,366	2,714,396
1879	33,163,054	3,988,752	1,100,524	40,102,642	5,516,814	1,966,276
1880	59,320,412	7,699,663	2,077,959	99,372,449	17,913,666	7,374,217
1881	42,385,769	6,038,041	1,675,630	67,416,967	12,060,827	4,860,816
1882	47,208,175	6,642,699	1,857,442	63,016,769	10,333,358	3,854,653
1883	40,130,323	5,580,558	1,553,498	53,049,967	8,491,988	3,174,628
1884	62,525,692	7,833,936	1,960,025	87,703,931	13,593,299	4,522,825
1885	50,782,306	5,558,479	1,412,285	68,146,652	9,474,264	3,164,296
1886	79,716,052	8,343,908	2,198,149	107,910,549	13,794,213	5,126,108
1877	81,504,477	9,741,814	2,530,100	114,404,175	16,351,370	5,899,816
1888	74,710,396	9,090,459	2,377,941	97,231,277	14,062,100	4,729,487
1889*	90,391,541	10,417,190	.....	126,487,729	17,974,515	.....

* Aggregate imported.

SOURCES OF SUPPLY FOR THE UNITED STATES.

The bulk of this wool is received from the countries of Europe and Asia. From the Latin-American countries there were received for the nine years ending June 30, 1888, nearly 170,000,000 pounds, which is equal to an annual average of nearly 19,000,000 pounds. More than one-half of all the wool received from Spanish-American countries comes from the Argentine Republic. In 1880 the importation from those countries reached 28,550,000 pounds, and in 1886 over 30,136,878 pounds. These were unusually large importations. In the latter year there were received from Uruguay nearly 13,000,000 pounds, nearly all of which was clothing wool; indeed, the greater portion of the wool now received

from Uruguay is clothing wool, which shows that the breed of sheep in that country is being improved. Clothing wool is also received from the Argentine Republic, Brazil, Chili, and Mexico, but in small quantities. The annual average of clothing wools received from all American countries south of the United States for the five years ending June 30, 1888, was 5,367,586 pounds. The annexed table shows the quantities of wool imported from Mexico, the Dutch West Indies, and countries of South America for the nine years ending June 30, 1888:

Wool imports by countries.

Years.	Argentine Republic.	Brazil.	Chili.	Mexico.	Peru.	Dutch W. I.	Uruguay.	Venezuela.
	Pounds.	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*
1880	12,278,776	849,424	3,329,156	1,321,874	.....	.....	9,577,369	202,056
1881	6,163,223	668,163	1,852,721	1,009,376	.....	35,339	4,823,562	17,339
1882	9,821,234	493,505	2,534,219	191,666	183,896	.....	6,894,885	8,068
1883	8,691,873	1,269,159	1,099,260	.....	.....	22,600	5,920,713	8,160
1884	*37,693	*341,858	*77,949	.....	.....	.....	*1,638,108	.....
	5,279,290	185,058	1,036,766	438,223	4,094	.....	961,193	8,917
1885	*371,606	.....	*36,096	.....	.....	.....	*2,123,040	.....
	9,851,121	890,760	1,704,509	1,561,026	.....	26,201	1,388,405	14,386
1886	*1,653,288	*1,056,476	*170,917	*136,930	*510	.....	*12,362,329	.....
	10,456,556	508,656	1,775,188	2,247,724	150,128	12,052	592,958	13,156
1887	*58,682	*235,028	*520,059	*431,520	.....	.....	*2,585,592	.....
	6,228,300	371,034	2,008,617	1,417,197	16,645	16,645	306,189	15,070
1888	.....	271,072	*120,880	*12,589	.....	.....	*2,595,419	.....
	11,000,584	427,155	2,011,877	69,767	1,633	22,928	826,076	1,445

* Clothing wools.

AMOUNT OF CARPET WOOL IMPORTED BY THE UNITED STATES.

It will be seen by comparing the tables showing quantities and values of wool entered for consumption with that above given that only about one-fifth of the carpet wools annually imported into the United States came from American countries. About 80,000,000 pounds of carpet wools are now annually imported into the United States, and of this not more than 15,000,000 pounds come from American countries. France receives from the Argentine Republic twenty times and Germany ten times the quantity that is received by the United States. Thus, in 1888, the United States received wool from that Republic valued at $1,178,000, while France in 1886 received over $20,000,000, and Germany $10,677,394. Uruguay, Chili, and Peru also export more wool to Europe than to the United States. This condition of affairs would be changed were there direct and frequent steam communication between the North and South American continents, by which the manufactured products of the former could be exchanged for the wool and other raw materials of the latter.

WOOL IMPORTS IN 1888.

To show the quantities and values of carpet and clothing wools imported from the various countries of the world, the following table is

introduced which exhibits the imports from the countries named for the fiscal year ending June 30, 1888:

Countries.	Carpet wool.		Clothing wool.	
	Quantity.	Value.	Quantity.	Value.
	Pounds.	*Dollars.*	*Pounds.*	*Dollars.*
Argentine	11,000,584	1,178,003	.....	.....
Brazil	427,155	88,323	271,072	26,678
Chili	2,011,877	217,987	120,880	12,068
Mexico	69,767	5,684	12,589	1,406
Peru	1,633	196	.....	.....
Dutch West Indies	22,928	1,282	.....	.....
Uruguay	826,076	76,658	2,595,419	309,045
Venezuela	1,445	76	.....	.....
	14,361,465	1,518,208	2,999,960	349,197
China	4,628,309	385,351	84,577	9,785
France	9,378,038	1,037,380	295,044	53,561
Germany	328,159	37,716	7,292	4,170
England	25,892,366	3,646,696	11,345,879	2,574,067
Scotland	2,160,737	319,625	.....	.....
British East Indies	335,428	42,358	.....	.....
Australia	1,601	180	6,133,191	1,172,879
Italy	77,527	6,439	.....	.....
Japan	17,415	1,565	.....	.....
Netherlands	101,075	11,529	.....	.....
Roumania	50,808	5,248	.....	.....
Russia	16,474,931	1,894,072	.....	.....
Turkey	10,778,859	1,080,165	.....	.....
All others	14,636,293	1,547,086	.....	.....
Total	84,879,546	10,015,410	.....	.....

During the year 1888 there was withdrawn for consumption and duties paid upon the several grades of imported wools, as follows:

Articles.	Quantity.	Duties.
	Pounds.	*Dollars.*
Clothing	16,952,513	1,789,347
Combing	5,568,068	562,198
Carpet	74,710,696	2,377,941
Total	97,231,277	4,729,486

The domestic production for the year was 269,000,000 pounds, of which less than 23,000 pounds were exported. The quantity of wool, therefore, which may be said to have been consumed in the United States the year named was, in round numbers, 343,000,000 pounds.

WOOL CROP OF THE UNITED STATES.

In respect to the kinds of wool grown in the United States, Mr. J. R. Dodge, Statistician of the Department of Agriculture, writes as follows:

The first of the three classes is clothing wool. This is the fleece of full-blood and grade Merino, of fine, short fiber, remarkable for its felting quality. These wools are prepared for manufacture by carding rather than combing. The highest type of this race, the registered thoroughbred, is found in Vermont, where breeding flocks are more numerous than elsewhere, and in considerable numbers in western New York, Ohio, and Michigan, and scattered through the Western States.

The Merino type of wools prevails almost exclusively in the three States named, in Texas, and throughout the Rocky Mountain and Pacific coast areas. Few sheep of other blood are found west of the Missouri River.

Western Pennsylvania and West Virginia furnish wool of the Merino type mainly. The sea-board States of New England also furnish some grade wools of this type.

The second class, the combing wool of the tariff classification, includes the medium and long wools of the English breeds, the Cotswold, Leicester, Lincoln, several families of Downs, and other breeds of long and coarse wool, also popularly known as the mutton breeds. These are few in number compared with the Merino type. Nearly all the sheep of the South, exclusive of Texas, are of this class, mostly descendants of the less improved English sheep of a hundred years ago, with occasional infusions of better blood from England, Canada, or the Northern States. In Kentucky probably 99 per cent. are of the combing-wool class. A considerable portion, too, are highly improved, giving to this State the reputation of having a larger proportion of high-quality mutton than any other State.

In the vicinity of the Atlantic cities, from Maine to Virginia, sheep husbandry is principally lamb production, the males being Downs or other English breeds, and the ewes grades of both the Merino and the English types. This combination produces a mixed wool of a useful character. Then there are considerable numbers of the English breeds, though fewer than the Merino, scattered through the Western States, from Ohio to Kansas, and a still smaller proportion on the Pacific coast and in the Territories.

As to the third class, the carpet wools, they are represented in the United States only by the Mexican sheep, which are the foundation of a large proportion of the ranch flocks, but so improved by repeated crosses as to furnish wool of the Merino type, much of it of high grade.

EFFECT OF A REMOVAL OF THE DUTY ON CARPET WOOLS.

While it is a disputed question whether the removal of the duty of 2½ cents per pound on carpet wools imported into the United States would interfere with the growth of domestic wools, it is generally insisted by American manufacturers of carpets that additional quantities of this class of wool are necessary to the healthy development of the carpet trade of the United States, and the maintenance of low prices for all grades of carpets, and particularly of the cheaper qualities. The carpet wools are not produced in any considerable quantities in the United States, and this production will grow steadily less as the breed of sheep is improved. The production of these coarse wools is now mainly confined in the United States to Colorado, New Mexico, and Texas, and does not exceed 50,000,000 pounds per annum. It is doubtful if the removal of the duty would materially affect the price of carpets. Assuming that a pound of wool is consumed in the manufacture of one yard of carpet, and allowing for waste, the duty adds, say, 3½ cents to each yard of carpet. The remission, therefore, would not be likely to affect the price to the consumer more than prices are naturally affected by the variations incidental to the operations of supply and demand.

COARSE WOOL AND THE CARPET TRADE.

It would seem, in view of the rapid growth of the carpet trade, and the fact that the manufacturers of the United States must look to foreign countries for coarse wool, that the assurance of a steady and ample

supply of material at a fair price is more important than a reduction or abolition of the present rate of duty. The coarse wools of South America being needed in the United States, methods should be devised by which the bulk of them might be brought here instead of being sent to Europe. It would be undoubtedly to the advantage of both American continents if the United States could so manage as to purchase 70,000,000 pounds per annum from South America instead of from European and Asiatic countries, as is now the case. Why should the United States purchase from England annually 26,000,000 pounds of carpet wool, the growth of Australia and other countries beyond the seas, and only about 15,000,000 pounds from all the neighboring countries of America? From Russia we purchase 16,000,000 pounds; Turkey, 11,000,000 pounds, and France, 9,000,000 pounds, and yet we buy less than 10,000,000 pounds from the Argentine Republic, the largest producer of this class of wool among the South American countries, and next to Australia the largest producer in the world.

The introduction of manufactured products of the United States into South American countries would require an increase of facilities for direct and rapid transportation, and this would insure outgoing vessels return cargoes of wool and other raw products of those countries which now go to Europe in exchange for manufactured articles, many of which are far inferior to similar articles that could be exported from the United States, with equal advantage to the consumer as to price.

VALUE OF SOUTH AMERICAN MARKETS.

In a communication to the New York Tribune of September 23, discussing the South American trade and the importance of the convention to be held in October at Washington, Mr. Francis Wayland Glen said of the establishment of steam communication between the American continents:

Direct, frequent, rapid, regular, and permanent access to South American ports is the first requisite to obtaining our legitimate share of the large foreign trade of those countries. That once secured, we can repeat, on a very much larger scale, what we have done in Canada, and obtain the lion's share of their trade. Without it treaties of reciprocity will not bear much fruit. To secure proper communication between our leading sea-ports and those of South America our Government must take the initiative. We must grant liberal subsidies for a considerable period of years to induce capitalists to construct and run between these ports steamers of a high class. It should not be any half-way measure, but so liberal as to secure prompt acceptance from responsible persons or companies. It should be done at once so as to induce a large number of South Americans to visit our Exposition in 1892, and study our markets. The Congress soon to assemble here will tend to interest the people of South America in our productions, but we shall fail in reaping the full benefit without direct, rapid, frequent, and regular communication, upon such a financial basis as will create confidence in both countries in its permanency.

We are on the verge of reaping enormous advantages from our protective policy; we have laid the foundation for a mighty manufacturing industry. Its growth, development, and beneficent results in the near future will confound the wisdom of those who denounce our fiscal policy. By retaining our home markets for our own

producers we have encouraged the construction of manufactories on so large a scale as to secure a thorough division of labor, resulting in a low cost of production and a high grade of workmanship. By increasing the productiveness of labor we have secured to the skilled artisan a higher average rate of wages than is paid in any other country in the world. By shutting out foreign competition we have secured the erection of many large manufactories in every class, and so have protected the consumer by active competition among home producers.

* * * * * * *

We have about mastered our home market. We are now ready to enter foreign markets. Let us begin with South America; give our manufacturers direct, rapid, frequent, regular, and permanent access to foreign markets, and we shall benefit our artisans by increasing the demand for labor. We shall benefit our consumers by lessening the cost of production. We shall benefit our shipping interests by increasing our foreign trade. The value of the South American trade now and throughout the long future can hardly be overestimated.

COARSE WOOL NOT GROWN IN THE UNITED STATES.

In an article on "The Development of Wool Manufactures," written by Mr. George William Bond, of Boston, and published by the Treasury Department in 1887 as part of a special report on wool and manufactures of wool, he says, in reply to the question whether any wool is imported which we can not produce in this country:

There are none of the third-class wools that can be grown in this country to advantage. Most of them are from races adapted to entirely different climate and circumstances, whose yield of wool is so small that it would not pay for half their keeping. We could, I think, grow much more of the second-class wool than we do, because such wool is secondary in value, as the sheep could be raised profitably for mutton. This first-class mutton, if abundantly grown, would soon be appreciated and find a well-paying market at home and abroad.

It is more difficult to explain, so as to be readily understood, why we can not produce any particular grades of first-class wools. We may grow wool in some places equally fine and apparently as good in other respects as wools that are imported, but they may not have the same working qualities. They will not produce the same effect when finished. Such is the influence of climate and soil upon wool that no two places can grow wool exactly alike. The descendants of the same flock raised in Vermont and Ohio, or even in Vermont and New Hampshire, will not yield the same wool.

In the special report made on wool and manufactures of wool in 1887, by the Treasury Department, are found many interesting facts in relation to the origin and development of sheep husbandry on the American continents. From that report the following paragraphs are taken:

The countries that yield the largest surplus of wool for export are Russia, the Argentine Republic, South Africa, and Australasia. Their capacity for supplying the manufactures of the world seems to be ample. They have all improved their sheep by crossing with the merinos, and their wools, especially those of Australia and the Platte country, are among the finest in the world. These two last-named countries are much alike in their peculiar fitness for sheep-raising, and are as yet not taxed to anything like their capacity. Australia alone is as large in area as the United States.

In Australia the plains devoted to sheep-raising are in the hands of comparatively a few, who have perpetual leases of immense tracts of Government lands at low rates. Some of these tracts contain as much as 100,000 acres, so that the country bids fair to continue to be a sheep-raising section.

It is idle to talk about raising sheep in Europe or this country to compete with South Africa, the Platte country, or Australasia. Our sheep-farming must eventually be confined to small flocks of improved breeds, raised on farms where they require little or no extra labor. It has already come to this in Europe, and in the Eastern and Middle States, where lands are valuable, and will finally prevail in the West, as the large ranches are divided up and settled.

The conditions are entirely different in South Africa, Australia, and South America, where laborers are, at best, semi-barbarians or peons, and the immense plains of cheap lands and torrid climate seem better adapted to sheep-raising than other industries.

IV.

CREDIT SYSTEMS IN SPANISH AMERICA.

By JOHN M. CARSON, *late Clerk Committee on Ways and Means, House of Representatives.*

A sound system of credit is not only necessary to a healthful progress of business but stimulates existing and leads to the establishment of new enterprises. Money is the medium to facilitate and effect exchanges, but even were there sufficient money to transact the business of the world credit would still be a necessity. If credit be necessary to transact business between individuals of the same country it is a greater necessity to transact business between individuals residing in different countries and at remote distances, and the duration of the credit depends largely upon the distance that exists between the seller in one country and the purchaser in another. A system of credit, so essential to the satisfactory and healthful conduct of business in the older countries, with large population, thorough development, abundant capital, and means of rapid communication, is absolutely necessary in a new country without these advantages and auxiliaries.

A REQUIREMENT OF THE TRADE.

At this time the manufacturers and merchants of the United States are looking to South America for markets in which to dispose of their surplus products. One of the most apparent obstacles that presents itself is not that the business men of South America require credit, but that the duration of the credit required is beyond that usually extended to purchasers in the United States. While it is true that longer credits are required in South America than are required and granted in commercial transactions between business men of the United States, it should not be forgotten that certain conditions attach to trade with South America that make long credits a necessity.

The merchant in the United States who purchases from the home manufacturer, or even imports from Europe, on thirty or ninety days' credit, as a rule disposes of his goods in whole or in part and receives

payment for them before the expiration of the usual credit period and in time to discharge his obligation to those from whom he purchased. In the case of the South American merchant, however, ninety days, and sometimes a longer period, must elapse before he even obtains the merchandise, so that the ordinary credit which prevails in the United States is of no service whatever to him.

SYSTEMS OF CREDIT IN EUROPE.

From many years of experience the manufacturers of Europe have become thoroughly acquainted not only with the markets and people of Central and South America, but with the personal integrity and commercial standing of the merchants of those countries, and their methods of doing business. Similar knowledge on the part of the manufacturers and merchants of the United States would result in a rapid extension of trade between the American continents. The fact that Europeans are striving so hard to prevent the entrance of United States manufactured products, and are laboring so incessantly to extend their trade with Spanish America, is a certain indication of good profits and evidence of the great value of the trade with Spanish American countries. The extension of the same credit to Central and South America, on the part of United States merchants, that is now extended by those of Europe is a condition-precedent to the successful development of trade between those countries and the United States.

STEAM-SHIP FACILITIES NECESSARY.

More rapid and certain communication by steam-ships than now exists would do much to shorten credit, but until this can be secured United States merchants should recognize the prevailing methods of conducting business by those of Spanish America, and be prepared to extend the same facilities as Europeans if they would secure a firm footing in the markets of those countries. The merchants of Europe do not pretend to do business with Spanish America upon the same lines that are followed in dealing with their own people or with those of the United States. They not only adapt themselves to the methods that obtain, but carefully study the wants and desires of the people, consult their tastes, and flatter their prejudices.

In short, they manufacture goods specially for South American markets, and conduct the business according to South American methods. In this they have the active assistance of bankers who devote special attention to South American trade. For instance, a merchant in England receives orders from one or more South American merchants aggregating a large sum.

HOW IT IS DONE IN ENGLAND.

The English merchant presents these orders to his bank, to whom as a rule the financial standing and business integrity of most of the

South American importers are known, and arranges for the bank to carry the credit, the bank obtaining, in addition to the interest paid by the debtor-merchants in South America, a percentage of the profits of the English merchant derived from the sale of the merchandise. In this way the bank receives a profitable return upon its loan, the trade of England is promoted, and the South American merchants obtain a credit which is at once a business convenience and an addition to their capital.

Money in the United States is plentiful, and is eagerly seeking safe and profitable investment. The commercial honor of the leading merchant importers of Spanish America is unquestionable. They are not only willing, but desirous of trading with the United States, and are prevented from so doing solely because the conditions repel them. If the manufacturers of the United States will manufacture the goods and wares required by the people of Spanish America; if the merchants of the United States will pack them in such shapes and forms as are necessary to insure easy transportation into the interior of the country, and will extend the measure of credit essential to the successful conduct of business in Central and South America, the markets of those countries will be opened to them and a large volume of commerce will soon be passing between North and South America.

THE THREE ESSENTIALS FOR INCREASED TRADE.

The three essentials to the establishment and successful maintenance of commerce between the two American continents are goods manufactured specially for Spanish-American countries, rapid and regular steam-ship lines, and the establishment of a credit system to meet the necessities of those new and enterprising countries.

In connection with this general subject, Hon. E. L. Baker, United States Consul at Buenos Ayres, wrote an able and comprehensive paper to the State Department. In this communication Mr. Baker described the Argentine Republic, but very much of what he wrote is applicable to Spanish-American countries generally.

> The Argentine Republic [said Mr. Baker] is young in years and greatly wanting in active capital. With untold flocks and herds feeding on spontaneous pasturage to the very confines of Patagonia, the product of which must find a market abroad; with a soil unsurpassed for agricultural purposes, which yet awaits the plow of the husbandman; with vast mineral resources in the interior provinces, which can not be reached without expensive machinery; with growing industries of sugar, wine, coffee, silk, etc., all requiring the expenditure of capital, and with a sparse population possessing but little wealth, scattered over an immense extent of territory, it is impossible in this country to move forward in any department of trade, labor, or industry without the intervention of credit. Without the stimulus thus received, its political advancement and national development would be difficult, if not, indeed, almost hopeless.

Several years ago the Department of State sent out inquiries to the American ministers and consuls touching the credit and trade systems

prevailing in the various countries of the world. From the replies received to those inquiries the following condensation of the credit system in Spanish America is made:

MEXICO.

Nearly all the great mercantile houses in Mexico City and State sell largely on credits of from four, six, to eight months, and often for longer periods, and even the small dealers, venders of trifles, and hucksters in articles of common use and every-day necessity, whose business is usually supposed to require ready money, are here more facile in regard to credits than in most other commercial communities. It is estimated that the business of the country is about equally divided between cash and credit.

Bankruptcy is very rare. It is policy of the merchants to give to a debtor an extension of time, when asked for and the request be justified, and not to push him to bankruptcy, as in the latter case, the tribunals intervening and causing heavy expenses, utter ruin and loss are sure.

YUCATAN.

Yucatan is pre-eminently a credit country, cash transactions being extremely rare. This statement applies to all business, great or small, almost without exception. In all and every condition of life, in all and every business, the credit system is rampant; it has always been so; it seems as though it always would be so. As a rule, interest is not demanded on time accounts. Goods are sold for a certain price, which may, at option, be paid "cash down," or in a few monthly installments, or at the expiration of a short, fixed period, without interest. The number of monthly installments and the duration of the last-mentioned period naturally vary with the amount of goods sold and the amount of confidence the seller has in the purchaser. Should monthly payment not be promptly made, interest is then usually charged at a rate stipulated in the document drawn up at time of sale.

COSTA RICA.

Between dealers and importers the credit system extends to about one-half the volume of business. Cash buyers have an advantage of from 5 to 10 per cent.

HONDURAS.

Credit always stimulates commercial transactions, and for this reason the merchants of this Republic provide themselves from Europe mostly, where they receive a credit from six to twelve months, and only buy from the United States those articles which bear very high prices in Europe, as flour, grain, and a few other kinds of merchandise. The extent of credit is equal to about two-thirds of the commercial business.

In a recent letter to the State Department Consul Herring furnishes from Tegucigalpa some interesting facts bearing upon the commercial methods of Central America.

In Honduras, as in most places in Central America, a long time must necessarily intervene between the sending of an order for goods and their receipt. If they arrrive at the port in the wet season, they are likely to lie there for weeks, perhaps even months, before mules can be obtained to carry them to the merchants in the interior, especially if the packages are of bulky, heavy, or inconvenient shape. Instances have occurred where consignments of goods of awkward shape have lain in Amapala more than a year awaiting transportation. Six months may probably elapse between the mailing of an order for goods from New York and their receipt, say at Juticalpa, for instance. These facts serve to show why merchants here and in other portions of Central America require long credits. These credits they get from English, German, and French houses; but they find American houses less willing to give equally favorable terms. If a merchant here fails to remit a payment when due, it may require three or four months of correspondence for the foreign house to ascertain the reason. It may be on account of some delay, missending, miscarrying, or unknown stoppage in transit of the natural products of this country, which are often sent in exchange for foreign goods. Consequently the interchange of business or commodities is necessarily very slow. Resort to the courts for commercial settlements is rare, and bankruptcies seldom occur. Some English houses charge 5 per cent. per annum interest on accounts until they mature, and then, without further notice to or from the customer, extend the credit three months and charge interest for that three months at the rate of 7½ per cent. per annum, and very often extend the credit a year. Merchants here object to the insurance in the United States as being higher than in Europe, with no corresponding greater risk; in fact, less risk, the distance and time being shorter.

Several years ago Minister Logan furnished valuable information on the business methods of Central America. What he said about Central America in this particular applies with more or less accuracy to other Spanish-American countries. Minister Logan said:

The coffee of Central America, its great staple, is largely sold in European markets; hence the credits of the sellers are mostly in those countries. This being the case, it results almost as an unavoidable consequence that the purchases of the merchants are made there of all articles which do not by reason of vastly superior quality or lower price compel a purchase elsewhere. The circumstance named is so powerful in its effects, however, as to overcome all ordinary advantages in other directions. Let me illustrate the point by citing the case of Chili. The great exports of that country are copper, silver, and wheat. Thirty years ago the United States bought largely of these articles; and during the early settlement of California, Chili exclusively supplied the flour consumed by the pioneer population of our far-off Pacific coast. Then the credits of Chili were in our country, and the logical consequence was that we enjoyed a large trade with that republic, her imports being almost exclusively from the United States. The development of the copper of the Lake Superior region supplied our own demands for that article, the enormous yield of our silver districts closed the market in that direction, while our wheat production has become one of the chief reliances of those countries compelled to look to other nations for their supply of that staple.

COLOMBIA.

English merchants have the principal trade of Colombia, which they stimulate by giving credits from six to nine months, charging only 5 and 6 per cent. interest and 3 per cent. commissions. Cash buyers

have an advantage of from 5 to 10 per cent., though no interest is charged on time accounts.

VENEZUELA.

The bulk of all sales are made on a credit of from four to twelve months. Cash sales are very few. Although interest is not demanded on time accounts, cash buyers have great advantages over those that buy on credit. Merchants allow 12½ per cent. discount from time prices. All imported goods are sold on time.

BRAZIL.

At least three-fourths of the volume of business will be on credit. With a capital of $20,000 it is usual to be owing about $100,000, or in that proportion. As a rule the people buy on credit. In retail trade those who pay cash buy at cheaper rates than those who are known to ask credit. In wholesale trade the cash buyer gains a very considerable advantage. In the dry-goods trade, for example, a credit of twelve months is granted; but if the purchaser pays cash he will get 12 to 14 per cent. discount. Wine and olive oil are sold at ten months' credit, or 10 per cent. discount for cash; beer at eight months' credit, or 7 per cent. discount for cash; and the same in respect to provisions.

Interest is demanded and obtained by the importer on overdue accounts, say at the rate of 9 or 10 per cent., or 1 per cent. above the rate of the banks. Wholesale dealers who sell to the interior often try to get interest, but seldom succeed, and are only too glad to get paid without interest. A retail dealer would be likely to charge interest after six months.

Generally all products of the country are sold for cash or on three months' credit. Coffee, the leading product, is a cash article. Fresh meat, fresh fish, and mechanical work command cash. In imports, salt, lumber, petroleum, copper, lead, and codfish are cash articles. Sixty days' credit is sometimes given for iron, otherwise it brings cash. Flour is sold at six months' credit, or cash at 6 per cent. discount. All goods except those manufactured are sold on acceptances in case of credit. The banks advance money on signed accounts, but do not discount them. There appears to be a tendency to increase the list of cash articles.

URUGUAY.

In Montevideo credit is the one and indispensable element of trade, which may be said to be almost exclusively carried on by the capital of foreigners. The local dealers will only buy at five and six months' credit, and very seldom redeem their promissories by cash discount. The cause and origin of such long credit may be explained by the long time required for the goods bought in this city to reach the centers of distribution in the camps or country towns, and the long time the country dealer has to wait ere he can dispose of them and obtain returns, and these returns by barter as frequently as by cash.

About one-half of the commercial business of the country is done on credit. Native products usually command cash. No interest is charged on time accounts, but interest is charged at from 6 to 9 per cent. if the credit is exceeded. The banks discount the promissory notes of the dealers and collect them when due; and any inability or hesitancy to pay on the part of the purchaser or dealer who signs it would severely wound him in credit and reputation.

ARGENTINE REPUBLIC.

As a rule, business is conducted on credit; about seven-eighths of the volume of wholesale and retail business is thus transacted. Cash buyers have a reduction in prices equivalent to 12 per cent. per annum. In the grocery and comestible trade the credit is four months, with 4 per cent. discount for cash. In the dry-goods trade the credit is five months from the end of the month, with 5 per cent. discount for cash payments. If a merchant, however, demands cash, he will have to allow even more, or be cut off from many buyers.

Interest on time accounts is often demanded but seldom paid. Most invoices have printed on them that at the expiration of a certain time interest will be charged, but in the great majority of cases it is not enforced. If legal proceedings are taken for the recovery of an account, only 7 per cent. per annum from the date of the action is recoverable; but as the costs of the suit (left to the discretion of the judge) are invariably more than the interest claimed, the attempt to collect interest by law is seldom made. A merchant, in explanation of the fact that interest is not paid on time accounts, says that "as a general rule the price of the articles sold is fixed on a basis of five to six months' credit, and of course the interest is included in the price itself." In the retail trade no interest is ever demanded.

Articles of export are alone sold for cash. Articles manufactured in the country are comparatively few, and, as they enter into competition with the imported article of the same kind, of course they are subject to the same regulations in regard to credit. American manufacturers have, in many cases, declined to make sales to the merchants of this country unless the price was deposited before the shipment, while others demand to draw against the goods, payable on arrival of cargo; but the system of credits in European countries is so liberal and so universal that the United States, except in special cases, receives orders only for what can not be procured elsewhere.

PERU.

Merchants buy on three and six months' credit. Tradesmen give no credit beyond thirty days. Beyond that period interest is charged at the rate of 1 per cent. a month.

CUBA.

The bulk of the business is conducted on credit. The exporter of sugars and molasses, whose business reaches a volume during the year of many millions of dollars, may have a capital of from $25,000 to $50,000, but he relies on credits generously granted him by bankers of the United States and Europe.

The wholesale provision dealer purchases his supplies at three, four, six, and sometimes eight months' time. He in turn sells to the planter on credit, formerly on twelve months' time, but now rarely more than one to three months are granted. The planter, it is true, sells his produce for cash, but as his crop is mortgaged, practically the proceeds pass into the hands of the factors immediately. If credits were all withdrawn it would be impossible to carry on any trade in the island. The only trade based wholly on cash is the retail grocery trade.

The basis on which all trade rests is the credit system. It is a long chain which extends from the producer abroad or at home through numberless middlemen, link by link, to the consumer, who is perhaps the only one who can or is expected to pay cash for what he buys, and even n his case it is usual only when he is a retail purchaser.

Cash buyers have some advantages in prices which are usually equal to the interest for the time a credit is granted. Interest is not usually demanded on time accounts. Liquidations are usually made on May 1. The account will embrace purchases made during the previous twelve months. Although cash payment on May 1 is desired and asked for, it is rarely made. Instead of this, the planter gives the dealer one or more notes, payable in February, March, or April following, with interest (usually 12 per cent.) added.

PORTO RICO.

At least 75 per cent. of the business is done on credit. Cash buyers always purchase at least 5 per cent. cheaper than those who purchase on credit. Interest is seldom collected.

HAYTI.

Credit is essential to the existence of trade. The system of credit is so deeply rooted in this community that merchants sell to retailers principally on credit, and these in turn sell to most of their customers on similar terms, and this credit system is restricted by neither law nor regulations. It may be said that 75 per cent. of the total amount of merchandise disposed of is done on credit.

V.

COINAGE AND THE PRECIOUS METALS.

By JOHN M. CARSON, *Late Clerk Committee on Ways and Means, House of Representatives.*

The standard coins of the American continents are as numerous as the countries which are embraced, and each country has its own standard of weight and fineness. With a people having no commerce with neighboring nations, it matters little what may be the form and value of its currency, but in proportion with the extension of a nation's commerce will its people suffer loss and inconvenience through a currency established to meet local exigencies or to serve local convenience. This multiform metallic currency of the American countries is not only a hindrance to commerce, but entails loss to consumers of merchandise and inconvenience to merchants by reason of the necessity for computations and the employment of agents and brokers to make the exchanges.

A coinage system of uniform value and designation would be a great help to the commerce of the world and a large saving to the people. Such a system is not impracticable and may be adopted before many years. But there is no reason why a uniform system of values and designations should not be at once adopted for use among the nations of America. The necessities of commerce, which is being rapidly developed between American countries, and the convenience of the people, who are becoming more intimate, alike require the removal of the differences existing between the monetary units of their respective countries. This varied currency is one of the greatest barriers to the promotion of commerce between the North and South American continents. With a monetary unit common to American countries, and the establishment of more frequent and rapid communication between them, the services of brokers and money-changers would be no longer required by merchants, and the postal money-order system would become as accessible to the people of North and South America as it now is to those of the United States and the United Kingdom.

AN INTERNATIONAL SILVER COIN.

It is, perhaps, too early to attempt so radical a change as would be involved in the sweeping away of existing forms of currency and the substitution of new forms. The people should be prepared by education for so thorough a revolution in customs that have become rooted by generations of usage. But the merchants and business men of the two continents have long since recognized the necessity for a uniform standard coin as the basis of business transactions between the several nationalities of America, and are not only prepared for its immediate adoption, but are earnestly urging it upon the attention of their respective representatives. The necessity for the introduction of a uniform unit of value or trade dollar being apparent, it is for the statesmen of America to devise the methods and provide the necessary treaties and legislation to secure its early establishment. Hon. Conrad N. Jordan, late Treasurer of the United States, and now president of the Western National Bank of New York, has given this subject considerable study, and in a paper prepared for the attention of the Congress says:

I propose an international coinage, and present the following methods of bringing such an agreement about. It is folly to ask England to accept international coinage, with the knowledge that by merely agreeing to go into a conference to be held for that purpose such action would put up silver from 5*d.* to 10*d.* per ounce, and thus compel her to deplete an already partially exhausted stock of gold in making the purchases which such an operation would require. Instead of asking England to commit this absurdity why should not the United States offer to sell England £10,000,000 at the average price paid by the United States, which is, say, 48½*d.*, giving an option for a further purchase of, say, £10,000,000, at, say, 50*d.*, contract to run, say, three to five or more years, England to pay 2 per cent. per annum on the credit, which can be renewable, the United States only to draw when exchange is at 4.89, or shipping point? Thus England will practically pay for the silver purchase in goods or securities returned from the other side. England will purchase with the knowledge that she will not be required to pay except as above, or earlier, at her option, and as only about 33 per cent. can be put—as I estimate—in circulation in subsidiary coin in one year, it will need three years to complete the first contract. The United States should also agree to purchase an amount equal to its sale, if made, at not to exceed a like price from its home producers, thus preventing the English silver market from being swamped by excessive importations, which otherwise might be induced by the rise in price.

A METHOD SUGGESTED.

The purchase made, an international agreement as to coinage being assumed as entered into, it remains to provide a method to bring this about. Let us suppose international commissioners to be appointed for the purpose of supervising at the places agreed upon as points of deposit, the deposits to be made under the following arrangement: Any person or corporation can deposit, say at the cities of Mexico, Vera Cruz, Rio Janeiro, Buenos Ayres, Lima, Valparaiso, San Francisco, and New York. (This list to be extended by the proposed conference to all points where silver can be collected and shipped at the lowest cost in the respective countries.) Silver exceeding, say 800 fine (minimum fineness to be agreed upon); certificates to be issued by the respective governments under their guaranties as to fineness and weight, and under an inspection by three commissioners (the consuls could act as such commissioners), and under international guaranty as to the safety and security of such deposits; each government to be charged with the expense of silver moved by reason of the

agreement. The certificates to be issued in equivalents of 1,000 ounces fine, and in sums of, say 10, 50, 100, 500, and 1,000 ounces. These certificates to be received by the separate Governments in payment of customs dues at, say not exceeding 55 pence per ounce, 1,000 fine, or such price as may be agreed upon; but to be received at the average current price less than 55*d.* of the previous month, as now done in Austria, less ½ or 1 per cent., as the case may be or need, in order to pay expenses of issue of certificates, the commission of inspectors, etc. The respective States may pay out or sell such certificates at the average current rate, but are not compelled so to do. The merchants can, however, settle their own debts, at their option or agreement, or make sales and payments payable in these certificates, which contracts of sales and payments are to be recognized as valid and enforceable by law. The agreement to receive such certificates to terminate upon such notice by each government party to the agreement, as may be agreed upon.

THE EFFECT OF SUCH AN ARRANGEMENT

would be to place in the hands of the governments which are parties thereto a stock of silver that would provide for an international coinage of increased weight; but in the case of England, decreased fineness, as I should propose a coin 900 fine, for the reason that this fineness suffers least by abrasion; 440 grains to the dollar, 900 fine, or such increase as may be agreed upon. The nickel currency to be abolished, and small silver issued in its place. This new coinage may be begun immediately, but should be begun by parties agreeing thereto say no later than 1895; but no new coinage of the old standards to be made. Until then, any of the coinages to be received at the valuation to be placed upon the respective existing coinages with reference to the coming new coinage. The terms of time of settlement to be agreed upon, say five or ten years (the latter being best, though regard must be had to the amount accumulated by the signatory powers through their customs or otherwise), the debtor nations to pay in silver, by weight and fineness, the differences resulting from abrasion or lack of weight or fineness. This would equalize the old coins with the new coins, or a toleration allowance could be made as to abrasion, each nation being allowed one-twenty-fifth of 1 per cent. per annum, which is as nearly as may be the legitimate abrasion which takes place annually in silver coinage 900 fine.

The nations issuing small paper money would suffer the least under this arrangement, as less small coinage would be in circulation with them under such conditions. Currency could be forbidden of less denomination than $5. Any excessive abrasion would be evidence of the coin being unfairly dealt with, and would not be allowed for.

The result of the methods presented in the latter part of these suggestions would be, until the matter was fairly understood, an accumulation at a few centers, of silver certificates; but as soon as understood by merchants would create a mercantile currency which may be expanded at will by the mercantile community, as represented by its foreign merchants. But as soon as this channel was filled the accumulation by the respective Governments would begin, and a sufficient stock of silver would be obtained without other expense than the price at which the certificates were received, transportation and storage deducted, and out of which the new coinage could be created without any great loss or expense. The further result would be obtained by the use of the existing silver coinage of great economies in making the transition from the one system of coinage to the other.

Mr. Jordan favors making the weight of the proposed coin 432.10 grains, as that divides equally in grams, an important point in connection with the production of subsidiary coins. Four hundred and forty grains of silver, 900 fine, would give 396 grams of pure silver. If made 400 grains of pure silver, this would divide decimally in the best possible way. The selection of 900 fineness is because of the fact that it has

been demonstrated that silver of this degree of fineness wears better as money than if coined of any other fineness. It has the merit, too, of having been adopted by every nation except England. The silver of England is 925 fine, but proves to be too soft, and is subject to greater wear and tear than any other silver coinage.

ESTIMATE OF VALUES OF SPANISH-AMERICAN COINS.

The annexed table shows the monetary standard of the several countries named, the monetary unit, the character of coins, and the equivalent value of the monetary unit in terms of the gold dollar of the United States. These estimates were prepared by the Director of the United States Mint, are used by the custom-houses of the United States, and are followed in determining values of invoices. They are made annually, and when promulgated by the Secretary of the Treasury, govern the customs officials for the year.

The "standard" of a given country is indicated as follows, namely: *Double*, where its standard silver coins are unlimited legal tender, the same as its gold coins; *single gold* or *single silver*, as its standard coins of one or the other metal are unlimited legal tender. The par of exchange of the monetary unit of a country with a single gold, or a double, standard is fixed at the value of the gold unit as compared with the United States gold unit. In the case of a country with a single silver standard, the par of exchange is computed at the mean price of silver in the London market for a period commencing October 1 and ending December 24, 1888, as per daily cable dispatches to the Bureau of the Mint.

Country.	Standard.	Monetary unit.	Par of exchange or equivalent value in terms of U. S. gold dollar.	Coins.
Argentine Republic.	Double	Peso	$0.965	Gold: argentine ($4.824) and ½ argentine. Silver: peso and divisions.
Bolivia	Single silver	Boliviano	.68	Silver: Boliviano and divisions.
Brazil	Single gold	Milreis of 1,000 reis.	.546	Gold: 5, 10, and 20 milreis. Silver: ½, 1, and 2 milreis.
Chili	Double	Peso	.912	Gold: escudo ($1.824), doubloon ($4.561), and condor ($9.123). Silver: peso and divisions.
Cuba	Double	Peso	.926	Gold: doubloon ($5.017). Silver: peso.
Ecuador	Single silver	Sucre	.68	Gold: condor ($9.647) and double-condor. Silver: sucre and divisions.
Guatemala	Single silver	Peso	.68	Silver: peso and divisions.
Hayti	Double	Gourde	.965	Silver: gourde.
Honduras	Single silver	Peso	.68	Silver: divisions of peso.
Mexico	Single silver	Dollar	.739	Gold: dollar ($0.983), 2½, 5, 10, and 20 dollars. Silver: dollar (or peso) and divisions.
Nicaragua	Single silver	Peso	.68	Silver: peso and divisions.
Peru	Single silver	Sol	.68	Silver: sol and divisions.
United States of Colombia.	Single silver	Peso	.68	Gold: condor ($9.647) and double-condor. Silver: peso.
Venezuela	Single silver	Bolivar	.136	Gold: 5, 10, 20, 50, and 100 bolivars. Silver: 5 bolivars.

RELATIVE WEIGHT OF SILVER COIN.

The number of grains of pure silver contained in each of the silver coins of Spanish-American countries is given in the annexed table. The weight of the silver coins of other countries is also given:

Country.	Silver coins.	Grains of pure silver contained.
Argentine Republic	Peso	347.22
Bolivia	Boliviano	347.22
Brazil	2 milreis	360.723
	Milreis	180.361
	½ milreis	90.180
Chili	Peso	347.22
Ecuador	Sucre	347.22
Guatemala	Peso	347.22
Hayti	Gourde	347.22
Honduras	Peso	347.22
Mexico	Dollar	377.17
Nicaragua	Peso	347.22
Peru	Sol	347.22
United States of Colombia	Peso	347.22
Venezuela	5 bolivars	347.22
Austria	2 florins	342.932
	Florins	171.466
Belgium	5 francs	347.22
Egypt	20 piasters	360.080
	10 piasters	180.040
	5 piasters	90.020
	2 piasters	36.008
	1 piaster	18.004
France	5 francs	347.22
Greece	5 drachmas	347.22
India	Rupee	165.00
	½ rupee	82.50
Italy	5 lire	347.22
Japan	Yen	374.40
Netherlands	2½ florins	364.581
	1 florin	145.832
	½ florin	72.916
Russia	Rouble	277.71
	½ rouble	138.85
	¼ rouble	69.42
Spain	5 pesetas	347.22
Switzerland	5 francs	347.22
Tripoli	Mahbub	313.20

PRODUCTION OF GOLD AND SILVER.

In the appendix to the Annual Report of the Director of the United States Mint for 1888 are tables compiled from the latest official and other reliable data, showing the production of the precious metals in, and the value of the coinage of, all nations for the calendar year 1887. The total production of the world for the year was as follows: Gold, 151,712 kilograms, valued at $100,826,000; silver, 3,016,044 kilograms, valued at $125,346,310, which gives a total output of 3,167,756 kilograms, valued at $225,172,310. From the table showing the world's entire production of gold and silver, the following is taken, which exhibits the production of gold and silver in American countries for 1887:

Countries.	Silver.		Gold.	
	Kilos.	*Dollars.*	*Kilos.*	*Dollars.*
United States	1,283,855	53,357,000	49,654	33,000,000
Mexico	904,000	37,570,000	1,240	824,000
South America:				
Argentine Republic	722	30,000	45	30,000
Colombia	24,061	1,000,000	4,514	3,000,000
Bolivia	240,616	10,000,000	109	72,000
Chili	205,542	8,537,350	2,395	1,591,400
Brazil	141	5,850	1,502	998,000
Venezuela	.....	.....	5,020	3,336,000
Peru	49,750	2,067,650	170	113,000
Central America:				
Costa Rica	.....	.....	131	87,000
Honduras	1,799	74,750	.....	.....
Salvador	5,774	240,000	100	66,400
Total	2,716,260	112,882,900	64,880	63,117,800

This shows that America produced in 1887, 90 per cent. of the world's output of silver and 62 per cent. of the output of gold.

COINAGE IN AMERICAN COUNTRIES.

The coinage of the world for 1887 was, gold $124,992,465, and silver $163,411,397. Of this the coinage of American countries was as follows:

Country.	Gold.	Silver.
United States	$23,972,383	$35,191,081
Mexico	398,647	26,844,031
Argentine Republic	9,173,370	.....
Colombia	.....	663,069
Bolivia	.....	1,763,451
Chili	25,360	333,000
Peru	.....	1,685,000
Honduras	.....	71,978
Nicaragua	.....	400,000
Hayti	.....	500,000
Total	33,769,760	64,451,610

In 1886 the Argentine Republic coined in gold $1,988,670; Chili, $37,210; Colombia, $26,965; Brazil, $20,653; and Mexico, $367,490. These were the only Spanish American countries which coined gold that year. During the same year the countries named coined silver as follows: Chili, $966,080; Peru, $592,065; Colombia, $1,354,826; Venezuela, $1,286,345; Guatemala, $27,387; Brazil, $30,373; Costa Rica, $148,036; Hayti, $144,750; Mexico, $26,991,804. The coinage of the United States that year was, gold, $32,086,709; silver, $28,945,542.

COINAGE IN THE UNITED STATES.

The annexed table shows the coinage of the United States since 1870. Tables showing the coinage in detail from the foundation of the mint are given in the annual report of the Director of the Mint:

Year.	Gold.	Silver.	Minor.	Total.
1870	$23, 198, 787. 50	$1, 378, 255. 50	$350, 325. 00	$24, 927, 368. 00
1871	21, 032, 685. 00	3, 104, 038. 30	99, 890. 00	24, 236, 613. 30
1872	21, 812, 645, 00	2, 504, 488. 50	369, 380. 00	24, 686, 513. 50
1873	57, 022, 747. 50	4, 024, 747. 60	379. 455. 00	61, 426, 950. 10
1874	35, 254, 630. 00	6, 851, 776. 70	342, 475. 00	42, 448, 881. 70
1875	32, 951, 940. 00	15, 347, 893. 00	246, 970. 00	48, 546, 803. 00
1876	46. 579, 452. 50	24, 503, 307. 50	210, 800. 00	71, 293, 560. 00
1877	43, 999, 864. 00	28, 393, 045. 50	8, 525. 00	72, 401, 434. 50
1878	49, 786, 052. 00	28, 518, 850. 00	58, 186. 50	78, 363, 088. 50
1879	39, 080, 080. 00	27, 569, 776. 00	165, 003. 00	66, 814, 859. 00
1880	62, 368, 279. 00	27, 411, 693. 75	391, 395. 95	90, 111, 368. 70
1881	96, 850, 890. 00	27, 940, 163. 75	428, 151. 75	125, 219, 205. 50
1882	65, 887, 685. 00	27, 973, 132. 00	960, 400. 00	94, 821, 217. 00
1883	29, 241, 990. 00	29, 246, 968. 45	1, 604, 770. 41	60, 093, 728. 86
1884	23, 991, 756. 50	28, 534, 866. 15	796, 483. 78	53, 323, 106. 43
1885	27, 773, 012. 50	28, 962, 176. 20	191, 622. 04	56, 926, 810. 74
1886	28, 945, 542. 00	32, 086, 709. 90	343, 186. 10	61, 375, 438. 00
1887	23, 972, 383. 00	35, 191, 081. 40	1, 215, 686. 26	60, 379, 150. 66
1888	31, 380, 808. 00	33, 025, 606. 45	912, 200. 78	65, 318, 615. 23

PRODUCTION OF PRECIOUS METALS IN THE UNITED STATES.

The production of gold and silver in the United States for the same period was as follows:

Year.	Gold.	Silver.	Total.
1870	$50, 000, 000	$16, 000, 000	$66, 000, 000
1871	43, 500, 000	23, 000, 000	66, 500, 000
1872	36, 000, 000	28, 750, 000	64, 750, 000
1873	36, 000, 000	35, 750, 000	71, 750, 000
1874	33, 500, 000	37, 300, 000	70, 800, 000
1875	33, 400, 000	31, 700, 000	65, 100, 000
1876	39, 900, 000	38, 800, 000	78, 700, 000
1877	46, 900, 000	39, 800, 000	86, 700, 000
1878	51, 200, 000	45, 200, 000	96, 400, 000
1879	38, 900, 000	40, 800, 000	79, 700, 000
1880	36, 000, 000	39, 200, 000	75, 200, 000
1881	34, 700, 000	43, 000, 000	77, 700, 000
1882	32, 500, 000	46, 800, 000	79, 300, 000
1883	30, 000, 000	46, 200, 000	76, 200, 000
1884	30, 800, 000	48, 800, 000	79, 600, 000
1885	31, 800, 000	51, 600, 000	83, 400, 000
1886	35, 000, 000	51, 000, 000	86, 000, 000
1887	33, 000, 000	53, 357, 000	86, 357, 000
1888	.....	.....	.....

RATIO OF SILVER TO GOLD.

The following table exhibits the ratio of silver to gold since 1860:

Year.	Ratio.	Year.	Ratio.
1860	15.29	1874	16.17
1861	15.50	1875	16.59
1862	15.35	1876	17.88
1863	15.37	1877	17.22
1864	15.37	1878	17.94
1865	15.44	1879	18.40
1866	15.43	1880	18.65
1867	15.57	1881	18.16
1868	15.59	1882	18.19
1869	15.60	1883	18.64
1870	15.57	1884	18.57
1871	15.57	1885	19.41
1872	15.63	1886	20.78
1873	15.92	1887	21.10

PRODUCT OF MEXICO.

The following table shows the product of gold and silver in Mexico from 1877 to 1888:

Years.	Gold.	Silver.	Total.
1877-1878	$747,000	$24,837,000	$25,584,000
1878-1879	881,000	25,125,000	26,006,000
1879-1880	942,000	26,800,000	27,742,000
1880-1881	1,013,000	29,234,000	30,247,000
1881-1882	937,000	29,329,000	30,266,000
1882-1883	956,000	29,569,000	30,525,000
1883-1884	1,055,000	31,695,000	32,750,000
1884-1885	914,000	33,226,000	34,140,000
1885-1886	1,026,000	34,112,000	35,138,000
1886-1887	1,047,000	34,600,000	35,647,000
1887-1888	1,031,000	34,912,000	35,943,000
Total	10,549,000	333,439,000	343,988,000

COINAGE OF MEXICO.

The coinage of Mexico is shown in the following table:

Years.	Gold.	Silver.	Copper.
1873-1874	$866,743	$18,846,067	$15,966
1874-1875	862,619	19,386,958	21,712
1875-1876	809,401	19,454,054	30,654
1876-1877	695,750	21,415,128	9,035
1877-1878	691,998	22,084,203	41,364
1878-1879	658,206	22,162,987	16,300
1879-1880	521,826	24,018,528	14,035
1880-1881	492,068	24,617,395	42,258
1881-1882	452,590	25,146,260	11,972
1882-1883	407,600	24,083,921	.....
1883-1884	328,698	25,377,379	.....
1884-1885	423,250	25,840,728	.....
1885-1886	425,000	25,850,000	.....
1886-1887	410,000	25,600,000	.....
1887-1888	340,320	26,711,000	.....
Total	8,386,069	350,594,608	203,296

SUMMARY.

Gold	$8,386,069
Silver	350,594,608
Copper	203,296
Grand total	359,183,973

Coinage of Mexico from the establishment of the mints, in 1537, to the end of the fiscal year of 1888.

Periods	Gold.	Silver.	Copper.	Total.
COLONIAL EPOCH.				
Unmilled coin from 1537 to 1731	$8,497,950	$752,067,456	$200,000	$760,765,406
Pillar coin, 1732 to 1771	19,889,014	441,629,211	.....	461,518,225
Bust coin, 1772 to 1821	40,391,447	888,563,989	342,893	929,298,329
	68,778,411	2,082,260,656	542,893	2,151,581,960
INDEPENDENCE.				
Iturbide's imperial bust, 1822 to 1823	557,392	18,575,569	.....	19,132,961
Republic eagle, 1824 to June 30, 1873	45,040,628	740,246,485	5,235,177	790,522,290
	45,598,020	758,822,054	5,235,177	809,655,251
REPUBLIC.				
Eagle coin, from 1st July, 1873, to June 30, 1888	8,386,069	350,594,608	203,296	359,183,973

SUMMARY.

Colonial epoch (from 1537 to 1821)	$2,151,581,960
Independence (from 1822 to 1873)	809,655,251
Republic (from 1873 to 1888)	359,183,973
Total	3,320,421,184

RECOINAGE OF MEXICAN SILVER DOLLARS.

In discussing the movement of Mexican silver dollars, Dr. Kimball, Director of the Mint, in his report for 1888, on precious metals, says:

How far should exported Mexican silver dollars be considered as representing permanent coinage or recoinage? It would seem that all Mexican dollars not exported to Oriental countries, where their form is preserved, should be considered as new material, and within the purpose here indicated, not as foreign coin. As these dollars enter at once into the composition of coins of other nations they should not be treated otherwise than as new bullion, shipped in the form of dollars for convenience of tale.

Against the Mexican coinage of the silver dollar, long maintained both as a trade coin and as a stamped ingot, should therefore, in order to obviate duplication, be finally deducted in any general statement of the coinages of nations at least the sum of all dollars coined over at other mints. A considerable part of the rest of this coinage is treated in Europe, the United States, India, and Japan as more or less doré bullion, and likewise remelted and refined. Hence the registration of silver coinage in Mexico is significant of stability only in small ratio to the whole coinage for any given period. For economic rather than statistical purposes it would probably lead to the lesser error to account for one-third of the coinage of Mexico as directly going back into bars for refining and eventually for industrial employment, and another third as speedily going into coinages of other nations.

According to the annual statement of Mocotta & Goldsmid, of London, the imports of Mexican silver dollars into Great Britain during the year 1887 were, in round numbers, $9,000,000, and the exports to China and the Straits $4,500,000, leaving about $4,500,000 for refining and European coinages.

The value of Mexican silver dollars imported into the United States from Mexico during the same period was $8,822,861, of which there was re-exported from San Fran-

cisco to China, $6,075,409, leaving in the United States, probably melted at the mints, $2,747,452.

According to the official statement of the Indian mints there were deposited and melted for Indian silver coinage during the year 1887 Mexican dollars of the value of 1,923,888 rupees, equivalent to $810,000. At least 8,000,000 Mexican silver dollars are therefore known to have been melted for coinage purposes during the year 1887.

PRODUCT OF BOLIVIA.

Exact information as to the production of the precious metals in Bolivia can not be obtained, and the amounts given in the table showing the production of American countries is based on estimates made by the Director of the Mint. From information received from the United States minister at La Paz the following data is obtained, showing the exports of gold and silver during the calender year 1887:

Description.	Bolivianos (or dollars).
GOLD.	
Via Puerto Perez, Desaquadero and Arica:	
Gold manufactured	1,040.00
Gold bullion (53,774 grams)	40,435.25
Gold coin	7,611.00
SILVER.	
Via Puerto Perez and Desaquadero:	
Ores, 17,088 marcs	170,850.00
Bullion, 24,891 $\frac{1}{72}$ marcs	248,918.07
Old plate, 293 $\frac{1}{16}$ marcs	2,348.48
National coin	121,847.46
Via Arica:	
Ores (45,944 kilograms)	2,066,025.00
Bullion (34,800 kilograms)	1,566,579.00
Old plate (168 kilograms)	7,560.00
National coin	270,866.00
Via Tupiza and Alota:	
Ores (211,847 marcs, 1 onz.)	2,138,471.50
Bullion (196,438 marcs 4 onz.)	1,968,385 50
National coin	76,032.00
Total	8,686,969.26
Coinage in 1877	1,763,451.22
Total export and coinage	10,449,420.48

COINAGE OF PERU.

During the year ending June 30, 1888, there were deposited in the mint of Peru 1,430 bars of silver weighing 69,160,319 kilograms with a value of 3,073,789 soles. The coinage during the year was 2,454,000 soles.

The total valuation of gold and silver ores and bullion and gold and silver coins during the calendar year 1887 was 4,629,192 soles.

COINAGE OF COLOMBIA.

There are three mints in the United States of Colombia. Those at Bogota and Popayan were established in 1753, and that at Medellin in 1866. The total operations of these mints from their establishment are thus summarized:

Mints.	Gold.		Silver.		Total deposits in gold and silver.
	Deposits.	Value.	Deposits.	Value.	
	Kilograms.	*Pesos.*	*Kilograms.*	*Pesos.*	*Pesos*
Bogota	166, 307. 570	99, 563, 6 3 15	279, 620. 965	12, 674, 417. 25	112, 238, 040. 40
Popayan	106, 350. 567	64, 122, 694. 10	8, 233. 641	346. 642. 20	64. 469, 336. 30
Medellin	4, 397. 113	2, 168, 517. 70	97, 699. 428	4, 670 918. 50	6, 839, 436. 20
Total	279, 055. 250	165, 854, 834. 95	385, 564. 034	17, 691, 977. 95	183, 546, 812. 00

The product of gold mines worked in Colombia during the period from 1753 to 1887 is placed at 343,901,470 pesos. The total amount coined was 165,854,834 pesos, and the amount exported, according to reports made to the authorities, 69,845,321 pesos, which would leave 96,009,513 pesos as the circulation.

The silver coinage during the same period was nearly 18,000,000 pesos. Accurate data touching the amount of silver exported can not be obtained.

URUGUAY.

There is no mint in Uruguay. The imports of gold and silver in 1887 were $3,560,450, of which $3,246,894 was received from the Argentine Republic, $285,780 from Brazil, and $27,776 from the Pacific coast. The exports for the year were $7,127,137, of which Europe received $4,847,655.

CENTRAL AMERICA.

Guatemala, Costa Rica, and Honduras have mints which are employed occasionally in the coinage of small amounts of the lower denominations of silver coin. Nicaragua has no mint. She has, however, a small circulation of subsidiary coin made in England. Salvador has no mint and no coinage of any kind. Fully nine-tenths of the metallic circulation in all of the Central American states is made up of Peruvian silver soles and Chilian pesos.

The estimated amount of silver in circulation is: Guatemala, 5,200,000 pesos; Costa Rica, 600,000; Nicaragua, 2,000,000, principally in pesos of Chili and Peru. No estimate can be given for Guatemala and Salvador.

BRAZIL.

United States Consul-General Armstrong, writing to the State Department from Rio Janeiro, June 1, 1889, says:

For the first time since 1876 the currency of the country has reached its par value, which is 27*d.* per milreis. The downward tendency, which began in 1865, was due to the Paraguayan war, in which Brazil spent about $300,000,000. After the war the

currency rapidly rallied, and reached its par value in 1873 and again in 1875 and 1876. Afterwards, in consequence of the financial embarrassments of the country, a depression ensued and continued, with numerous fluctuations, until, through the efforts of the late ministry, the financial condition of the country began to improve, reaching last year its par value. In the present year it has nearly always been above par, and specie is flowing into the country and entering into circulation. During the first quarter of the year the receipts of specie at this port were as follows:

The improvement in the value of the currency is due to several causes, among which the most important are the following:

(1) The general improvement in the finances of the Empire.

(2) The combination of foresight and good fortune which has enabled the Government to provide for meeting its obligations at home and abroad without disturbing the money market.

(3) The large coffee crop.

(4) The investment of a considerable amount of foreign capital in Brazilian enterprises.

(5) The withdrawal from circulation of a considerable amount of the paper currency.

PRODUCTION OF THE WORLD.

The following summary shows the quantity and value of gold and silver produced in all countries of the world for the four calendar years ending with 1887.

The product is expressed in kilograms of fine gold and of fine silver, and also in terms of value, the value of silver being at coining rate in United States silver dollars, equivalent to $41.56 per fine kilogram. The table is believed to approximately present the gold and silver product of the mines of the world, except such desultory quantities as escape record:

Year.	Gold.		Silver.	
	Kilograms.	Value.	Kilograms.	Value.
1884	153,070	$101,729,600	2,537,564	$105,461,350
1885	156,156	103,779,600	2,841,573	118,095,150
1886	149,338	99,250,877	2,896,882	120,391,400
1887	151,712	100,826,800	3,016,044	125,346,310

VI.

SPANISH-AMERICAN CUSTOMS REGULATIONS.

The following report upon the customs regulations of the Spanish American countries was prepared by William F. McConnell, assistant secretary of the New York Board of Trade and Transportation:

NEW YORK, *September* 12, 1889.

SIR: In your letter of August 24, I am requested to prepare a report embodying "facts relating to the vexatious customs regulations in the several ports of Central and South America, and the embarrassments experienced by exporters in the United States therefrom; the fines and penalities that are imposed for trivial violations of these regulations, and the habit of confiscating goods because the technicalities of the regulations are not complied with."

This opens a wide field of labor which patient effort has proven to be unfruitful of practical results. Business men who have dealings with the Central and South American merchant transact such business (as a rule) through commission houses because of the difficulty in comprehending the tariff laws and regulations of these countries. The commission merchants appear to have a wholesome fear of the consequences of publishing any complaints, because they must necessarily disclose business secrets, and may incur the displeasure of the autocratic customs officials who wield such arbitrary powers in the several Governments of these Republics. I am therefore unable to present many practical illustrations of the vexatious embarrassments experienced by shippers to those countries.

One fact which all shippers recognize is that the tariff and customs regulations are the law and are enacted with the full knowledge of the peculiar requirements of the people of the different countries, and any violation of such laws is naturally followed by punishment. These laws are meted out to all foreigners without discrimination (except in one or two minor instances), and the knowledge of these facts compels honest shippers to endeavor to obey them, without complaint, if they are willing to transact business under them.

LITTLE COMPLAINT IN CENTRAL AMERICA.

Of the several Governments in Central America, viz, Guatemala, Honduras, Nicaragua, Costa Rica, San Salvador, and Mexico, there seems to be little complaint except with Mexico. The customs laws and regulations of the other Governments are administered with fairness and facility. While the regulations are different, there seems to be a desire to offer every opportunity to the shipper or importer to transact business with the least possible difficulty and expense, an illustration of which is the acceptance in San Salvador of the exporter's private invoice under oath. In short, they may be likened to the customs service of the United States. The same is true of Brazil, Ecuador, Bolivia, Argentine Republic, Paraguay, and Uraguay, of the South American group. Some fault is found with Chili, Peru, and the United States of Colombia; but against Venezuela and Mexico, merchants are loud in their denunciation.

CUSTOMS REGULATIONS IN VENEZUELA.

In Venezuela the customs officials are paid small salaries and are allowed 50 per cent. of all fines or assessments that may be inflicted. This naturally tends to make them anxious to discover a pretext for complaint, with the result that almost every importation is interfered with, and the revenue of the informer—*i. e.*, the official—materially increased. The only redress the merchant has is to appeal to the treasury department, but as, it is asserted, the informer is appointed as a politician, with the understanding that the perquisites shall form the major part of his remuneration, appeal is generally considered useless, and when decided has been uniformly against the merchant. If for any reason the case should be decided favorably to the merchant, he has no redress for damage or delay (though such damage may be caused by a desire of greed on the part of the informer), because of the fact that the customs officials are not under any bonds, and therefore have no responsibility. The fines imposed are excessive and consist of double the amount of duty, and in many cases a confiscation of the goods besides.

Duties are assessed sometimes by gross weight, while at other times duties are paid according to weight declared in manifests. For instance, one of our New York commission houses, in August, shipped a large consignment of miscellaneous merchandise. Among others was 11 barrels of glassware, the actual weight of which was 1,411 pounds, or 682 kilos. In copying the manifest the clerk wrote 1,411 kilos, and this was declared. When the goods arrived the customs authorities demanded duty on the 1,411 kilos, notwithstanding that it was palpably a clerical error and that the package itself weighed only 682 kilos. There was no use to appeal, and the merchant was compelled to pay the difference, which amounted to $127.05. If the case had been different

and the barrels weighed 1,411 kilos, while the manifest called for only 682 kilos, the duty would have been assessed according to the weight of the barrels, without regard to the manifest, and the merchant would have had to pay a fine of double the amount of duty involved.

ASSESSMENTS BY WEIGHT.

The assessment of duty by gross weight is a source of great unfairness, because many goods which should pay duty by the measure are compelled, by reason of the manner of packing, to pay a greater duty than is just or reasonable. The fact that the Venezuela authorities do not allow any time for the correction of errors in invoices is another source of complaint. In almost all other countries three days' grace is allowed for this purpose, but, as before stated, the absence of such grace cost a commission house in New York $127.05. They also ignore the notification by the shipper of an error, and assess duty according to the rules laid down, as, for instance, in the case before referred to. Another troublesome feature is the constant confliction by the customs authorities in the construction of the law, which, however, must be complied with in the most minute particular. The tariff is divided into nine classes, and the exporter must classify his goods in his invoice. This is a very difficult thing to do, because the name of the goods purchased in the United States may not be, and often is not, the local name of the goods in South America. This is especially true of print goods, etc. Prints are specified as first class, while other goods known in this market as prints may be, and are, classified in South American markets under another heading. Thus, upon the examination of the goods as provided by law the custom-house official finds what he pleases to call a violation, and, notwithstanding the honest effort of the exporter to classify correctly, he is subjected to a penalty.

A GREAT CAUSE OF COMPLAINT.

Section 108 of the tariff law provides that if "there is a contradiction in the tariff, the higher duty should be imposed upon the article in question." This is often a source of trouble. For example, a merchant will order a consignment of goods and ask for a sample of another article, which may be shipped in the same package. The sample may be rated at a higher duty than the other articles, but notwithstanding that it is only one piece, all the other goods in the shipment must pay the rate of duty assessed on that sample. Under this ruling shipments of small goods must be packed in a great many packages, enhancing the cost to the manufacturer or shipper.

The regulations regarding declarations are very severe. The tariff classifies lamps according to their composition, gold, silver, brass, or whatever it may be, and also provides for "lamps, not specified." This latter clause was construed by a merchant in this city to cover

a miscellaneous shipment of lamps "without specification," and he shipped accordingly. The consequence was a fine, because the words of the tariff "not specified" were omitted from the invoice. This is a practical illustration of the technicalities of the customs regulation of Venezuela and the difficulty experienced under them. Another serious and expensive fault is found in the iron-clad rules governing the close of business hours in the custom-houses. The hour for closing having arrived, business is suspended for the day, and the merchant, steamship, or sailing vessel must postpone or delay its business until the officials are once more ready to proceed. This is often the source of trouble and expense, especially to the steam-ship lines. Merchants would also welcome the establishment of the bonded warehouse system, the absence of which is now severely felt.

GOODS SHIPPED "IN TRANSIT."

A matter which is attracting the attention of the merchants of the United States of Colombia, as well as the exporters of this country and of Venezuela, is the handling of goods shipped to Colombia via Venezuela. Goods intended for certain parts of Colombia are shipped in this way to evade the enormous expense of transportation over the mountains, and the merchant so shipping must not only conform to the Colombian tariff but also to that of Venezuela. As these tariffs do not usually agree the shipper is almost sure to get into trouble. The goods must be declared "in transit;" if this is omitted the Venezuela authorities mark them for home consumption and collect duty accordingly, with the imposition of a fine if everything does not accord with their tariff or classification.

The following recent experience of one of the most prominent and experienced commission houses in this country will demonstrate the difficulty met with under this regulation. They had a consignment to a merchant in Colombia to be shipped via Maracaibo, in Venezuela. Through some mistake the goods were not declared in the manifest as, "in transit," consequently they were compelled to pay duty at Maracaibo. The consignee in Colombia declined to pay duty at two ports on the same goods, and left them at Maracaibo for the account of the American commission merchant, who subsequently arranged to dispose of them, as no agreement or settlement could be effected with the custom-house to obviate the difficulty.

The constitution of Venezuela allows no export duty, but this is overcome by what is known as a transit duty, which is levied according to the gross weight of the goods without regard to value or quality.

DISCRIMINATIONS.

As stated in the beginning of this report, the tariff does not discriminate, except in two instances. The one which affects the United States is the discrimination in favor of Spanish and Bordeaux wines.

The tariff provides that Spanish and Bordeaux clarets, in any package whatever, pays 25 cents of a boliva, while wine from other countries pays 75 cents of a boliva, unless it be in hogsheads, barrels, or casks, when the duty is 25 cents. As only the cheapest wines are shipped in barrels or casks, and as the Spanish and Bordeaux wines are admitted at the same duty in any package, the discrimination in their favor amounts to about 10 cents a kilo. Under this discrimination an American exporter who undertook to ship California claret was unable to find a market for his goods.

The other discrimination is against goods imported from the West Indies, which pay 30 per cent. additional duty.

THE TARIFF REGULATIONS OF MEXICO.

Mexico is as exacting in its administration of customs law as Venezuela. Many of the foregoing complaints apply with equal force to Mexico. A merchant consigning a shipment of merchandise to Mexico must be so specific that it is almost an impossibility to get the consular invoice absolutely correct. The invoice is complicated and the fines excessive. I have been unable to obtain any facts about the administration of the Venezuelain law that do not apply with equal force to Mexico. Duties are levied by net weight, measure, and legal weight, which signifies liquid weight. An additional duty of 12½ per cent. is levied upon liquors, and one of 2½ per cent. on other articles for the support of the hospitals and other public institutions. An evidence of the severity of the fines is found in the case of a shipment of several packages of merchandise to Vera Cruz. All but one package of this lot passed through as correct, although the weights appeared on the invoice in American pounds. The one package, however, was held because the weight was not enumerated in kilos, or Spanish weight, and the merchant was fined $150 penalty. This case seems also to demonstrate the incapability of the customs officials.

THE CONDITIONS IN CHILI.

Chili requires no consular invoices, and so far as the administration of their tariff laws and regulations is concerned is evidently fairly satisfactory. Duties are paid in paper 38*d.* per dollar as a parity of Chilian money being taken as an arbitrary basis. This presents a fluctuating duty, which is burdensome and unreliable. When exchange declines the duties are burdened with a premium to adjust them to the 38*d.* basis. For example, if exchange goes to 25*d.* goods taxed at 40 per cent. are assessed the difference in exchange and pay about 60 per cent. This is unfair and discouraging to the merchant, and is the principal cause of complaint.

OBJECTIONABLE RULES IN PERU.

Peru is constantly changing its tariff and customs regulations, and thereby rendering it difficult to comply with the requirements, although the administration of the law is fair and equitable.

One very objectionable feature in Peru is the scale of heavy fees which must be paid for the certification of invoices. An invoice of $10,000 must pay $25 for a certification, and an invoice for $110 pays $4, or, in other words, about 4 per cent. of its value. Thus a heavy tax is imposed upon the merchant in addition to the inconvenience to which he is put. The regulation providing for the imposition of the higher duty in case of any question is also enforced in Peru. Under this provision a shipment of cheap glass-lamp founts was ordered from New York. As glass paid a lower duty than brass, the manufacturer was directed to remove the brass collars which are attached and ship them separately. Through some oversight this order was misunderstood and the lamps were shipped with the collars attached. The custom authorities of Peru at once levied duty upon the entire shipment at the rate specified for brass, as though the goods were composed of that metal, and the manufacturer was compelled to lose $14 on the shipment.

Another important feature in their regulations is the compulsory declaration of the weight, in kilos, of goods, such as lumber, staves, etc., which, however, do not pay duty according to such declaration of weight, but according to cubic measure. It is extremely difficult, if not impossible, to declare the correct weight on such goods, because of the variation in size, while such declaration is rendered hazardous because of the double-duty fine which is likely to be imposed for false weights, particularly as there is no allowance for shrinkage or decrease. With these few but important disadvantages removed, merchants would find no fault with Peru.

THE TARIFF OF COLOMBIA.

The tariff of the United States of Colombia is divided into fifteen classes, and an exporter is required to classify the goods in his invoice. Conditions are such, because of the different terms applied to goods, that it is almost an impossibility for the ordinary merchant or manufacturer to do this, unless he has had a practical business experience in Colombia. While some of the embarrassments to shippers in other South and Central American countries are experienced in Colombia, there is a better opportunity for the merchant to secure justice. There is a tribunal which sits as a court of appeals on customs matters where the aggrieved merchant can go with the knowledge that the decisions are as a rule just and equitable. The merchants of the several other South and Central American countries are beginning to realize the importance of this body.

This, I believe, covers all the independent governments of Central and South America. In most of their tariff laws and regulations are modern institutions. Many, or most of them, were formerly free-trade countries, and when their tariff laws were enacted the idea uppermost in their minds was to prevent smuggling. The merchant at home and the foreigner were presumed to be in league to circumvent the govern-

ment, and so laws were drawn and regulations adopted which have become obstructive and burdensome to the honest merchant. In many instances these laws have been drafted by men from the interior of the country, who know little or nothing of the practical requirements of foreign commerce, and whose great aim was to procure as much revenue as possible and prevent fraud. No doubt exists that much precaution is necessary, because of the well-known efforts on the part of their native merchants and of foreigners to evade the laws. The unanimous sentiment of all men who do business with these countries, the most of whom are natives of Central or South America, is that a uniform system of customs regulations in the several governments is the only efficient remedy for the evils that now exist.

Respectfully submitted.

WM. F. MCCONNELL.

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APPENDIX A.

FORGED TRADE-MARKS IN SOUTH AMERICA.

[Morris S. Wise, editor of the Trade-mark Record, in New York Independent.]

It will be the purpose of this communication to call attention to some facts of the highest importance to American manufacturers whose wares are sold in the South American markets.

On the eve of the holding of a friendly congress, wherein representatives of the South American countries will meet our own representatives for the discussion of questions affecting the industrial and economic relations which exist between the United States and the nations of the southern portion of our continent, the facts herein briefly presented may prove of some value in securing the correction of commercial abuses, which seem to prevail in many of the South American countries; and as these abuses not alone vitally affect the volume of our commercial relations with those localities, but directly injure our American manufacturers, it should require but slight persuasion to invite the serious attention of the American public to the questions hereinafter discussed.

IMPORTANCE OF TRADE-MARKS.

The trade-mark is the flag of the manufacturer.

Even as the ensign of a nation symbolizes all that is good, great, powerful, and ennobling in the people to which it belong, so the trade-mark is the commercial sign-manual, the autographic guaranty of the origin, and thus indirectly of the quality and value of the article to which it is attached; and it is generally true that in the ratio or proportion of a descending scale of learning and intelligence of the consumers or users of the article bearing the trade-mark is found an ascending or rising scale of importance in the office which such mark or symbol is required to perform. The application of this proposition to the ordinary purchasers of American goods in South American markets is self-evident in its very statement.

It will also be conceded that in every market in the civilized world the question of price or cost enters very largely into the matter of consumption, most especially in all markets wherein competition is found.

It may also be pertinently stated that it has been long urged by a large number of American political economists that many internal causes exist in this country to prevent our obtaining that large share of the South American trade, which by natural right should come to us. We will in this article avoid the Scylla and Charybdis of Free Trade and Protection, and prove that the reason of our lack of South American patronage must to a large extent be due to external causes. In other words, the fault is not that of the American manufacturer, but is owing to the unfair, unscrupulous, and dishonest competition suffered by our manufacturers in the markets of South America.

THE TRADE-MARK PIRATE IN GERMANY.

It is somewhat of a harsh arraignment to make, but the evidence at hand seems to justify the assertion that the great trade-mark pirate who commits the most injurious depredations upon our commerce in South America, is our good friend the German. Austria and Belgium help him along, and even the honest John Bull will occasionally send out a privateer; but the damning fact seems to be proven beyond peradventure that the German is the most skillful adept in the great modern art of imitating trade-marks. Not only in southern climes has he plied his craft, but he has so often stabbed John Bull in the very home of the latter that John passed his celebrated Merchandise

Marks act, as we verily believe, for the more especial benefit of his Teutonic ally, whose methods were far from being tonic in any known commercial sense of the word.

In February, 1887, two deputations from Sheffield, England, waited on the Board of Trade at London, and demanded stringent protective legislation against the frauds the Sheffield cutlers had been compelled to suffer for a long time. They declare that Solingen roods were being imported into England from Germany marked "steel" and "cast-steel," which were run metal, or in other words a "steal," but not true steel.

It was proven that German manufacturers had had the boldness of making "Rogers cutlery," Sheffield mark, for the American, South American, and East Indian trade. The celebrated English "Cubtis" and "Marvey" was being counterfeited under the close marks of "Curtis and Harvey."

The London Times in August, 1887, called attention to these facts and showed how many lines of English trade suffered from this unfair German competition.

Having illustrated the *penchant* of the German to cruise in forbidden waters close at home, we will submit the official evidence furnished by some of our consuls stationed at South American points, which goes far to sustain the broad charge hereinbefore made.

FRAUDS PRACTICED IN SALVADOR.

In the report made in 1887, to our Department of State, Consul de Prere, at San Salvador, states substantially as follows:

"Products of American toil, skill, and industry are supplanted in Salvador, and it is supposed everywhere in Central America, by base imitations. Iron *machetes* are substituted for those of steel as manufactured in New York and Connecticut. The trade-marks of American artisans are stamped or imprinted on the worthless German implements, and at least 50,000 *machetes* are annually sold in San Salvador alone, at the average price of $3.50 apiece.

"American sheetings, muslins, and calicoes are driven out of the Central American markets by goods bearing the brands and trade-marks of the best American mills. These worthless German goods are made of East India and Egyptian cheap, short staple cotton, and are utterly valueless. Perhaps the poorest beverage I ever imbibed was German claret, sold here and bearing the trade-mark of the best wine-grower of California. Beautiful bottles bearing on their exteriors pretty labels of the great beer distilleries of St. Louis, Philadelphia, and Milwaukee are full of foul decoctions brewed in Germany. Perhaps the deadliest of all these beverages is the 'Kentucky whisky,' so labeled, but distilled in Germany. I have seen Colts and Remington repeaters sold here that were never in the United States. I was told that these were products of that forgotten 'Birmingham,' of England, but these illiterate, untroubled natives demand the cheapest goods. Cast-iron sewing-machines, axes, and beverages are supplied by Germany."

This evidence, tinged though it is by a slight vein of what a celebrated American humorist would term "sarcasm," is nevertheless straight to the point.

It was confirmed to me personally by a gentleman whom I met in London last summer, and who has charge of the affairs of a large English company in Central America. He was an Englishman, and bewailed the fact that the Germans, with their cheap imitation goods, were driving good, honest, British goods out of the Central American market. As a patriotic American I mentally exclaimed at the time, "A plague on both your houses."

A PROTEST FROM FRANCE.

To show the dominant spirit of Germany in the matter of trade-marks, the action of the Chamber of Commerce of Rouen and St. Quentin lodged with the French minister of commerce is significant.

The chamber protested against the action of the International Trade-mark Conference held at Rome, in April, 1886, on the ground that the preponderating influence of Germany had secured the adoption of a paragraph providing that "the intention shall not be considered fraudulent when it shall be proved that the name affixed on imported products is placed there with the consent of the manufacturer concerned." The chamber contended that this clause would enable a German firm having in France a more or less fictitious partner to introduce German goods into the French market under a French mark and as of French production.

So England is not alone in her complaints against these practices.

TRADE-MARK FORGERIES IN BRAZIL.

In a recent report made to our State Department by our consul, L. G. Bennington, at Rio Grande do Sul, Brazil, a long chapter is devoted to an examination of the practice becoming quite prevalent in Brazil and elsewhere in South America of falsifying the trade-marks of certain well-known and popular articles of foreign manufacture.

Our consul says:

"The trade-mark Indian head of a certain brown cotton is extensively imitated. I am informed by a thoroughly reliable English merchant of this city that a certain dealer in Pelotas has a stencil plate made the exact imitation of the genuine Indian head, with which he puts the mark of any grade of brown cotton he sees proper, or that suits the purpose of his trade, no difference where the cotton was manufactured. This is not only done in Pelotas, but elsewhere in the province.

"When I was in Porto Alegre I came upon a small article of American manufacture, which is widely and favorably known, not only in the United States, but in foreign markets, especially here, called Mason's shoe-blacking. This article is so closely imitated by the label on the lid of the box as to amount to a complete deception, unless a buyer was very well acquainted with the genuine article."

On the sale of American manufactures, the consul continues as follows:

"The chief of American goods sold in Porto Alegre are kerosene oil, flour, Collin's axes, and some stoves for cooking purposes. It is provided by law that each city may levy a tax equal to $250 on each commercial traveler who sells goods by sample. This is not only an unwise and obstructive policy for these people to follow, but results in a complete evasion of the law by the salesman sending his samples from city to city, addressed to some merchant, who takes charge of them, has them opened in his place of business, and for the time the commercial traveler is supposed to be in the employ of the merchant as a clerk. English, German, and Portuguese houses do the business very largely of the province, and, of course, push the goods made in their respective countries to the very best of their ability."

CONCLUSION.

Enough has been shown in the foregoing brief *résumé* of this most important subject to warrant at least the following suggestions, namely:

First. The matter of the protection of the marks of commerce against piracy can not be too strongly brought to the attention of the coming Congress.

Second. The subject herein treated deserves the fullest investigation, and our State Department should instruct every American consul stationed in South America to investigate carefully the alleged counterfeiting of American marks and report thereon. These statistics will be found valuable.

Third. If these official reports shall establish the fact that manufacturers of Germany or of other countries are engaged in a systematic and wholesale imitation of American trade-marks in such foreign countries, our Government should certainly act promptly for the protection of our American manufacturers, by requesting all foreign governments, either where the false goods are made, or where they are offered for sale, to suppress such illicit traffic.